



---

# ***Daily Report***

## **China**

FBIS-CHI-88-074  
Monday  
18 April 1988

# Daily Report

## China

FBIS-CHI-88-074

### CONTENTS

18 April 1988

#### INTERNATIONAL AFFAIRS

##### Northeast Asia

Japanese Special Envoy Meets PRC Leaders .....	1
Meets With Wu Xueqian .....	1
Further on Meeting With Wu [KYODO] .....	1
Meeting With Wan Li [KYODO] .....	2
Leaders Invited To Japan .....	2
PLA Friendship Delegation Visits DPRK .....	2
Feted by Kim Il-song .....	2
Medals Presented to Delegation .....	3
Meeting With O Chin-u .....	3
Rui Xingwen Marks Kim Il-Song's 76th Birthday .....	3

##### Southeast Asia & Pacific

Philippine President Continues PRC Visit .....	3
Aquino Visits Xiamen Enterprise .....	3
Aquino Addresses 14 Apr Banquet [Quezon City Radyo ng Bayan] .....	4
Li Peng Pledges No Support to Rebels [Hong Kong SOUTH CHINA MORNING POST 16 Apr] .....	4
Aquino on Strengthening Ties .....	5
Meeting With Li Xiannian .....	5
Yang Shangkun Hosts Banquet .....	5
Philippine Foreign Minister on Cambodia .....	7
Leaders Meet Philippine Officials .....	7
Trade Documents Signed .....	8
Zhao on Expanding Cooperation .....	8
Meeting With Deng Xiaoping .....	9
Aquino Holds Press Conference .....	10
Yang Shangkun Bids Farewell to Aquino .....	10
Aquino on Visit to Hong Kong .....	11
Aquino on U.S. Bases, Taiwan, Spratlys, Others [AFP] .....	11
Philippine Press Hails Visit .....	12
Aquino Comments After Trip .....	12
'Round-up Report' Views Visit .....	13
Minister on Restoring Sino-Indonesian Relations [RENMIN RIBAO 15 Apr] .....	13
Malay Beam Hails Trade Agreement With Malaysia .....	14
Economic-Trade Delegation Arrives in Nepal .....	14
New Zealand Minister Praises Relations .....	15
PLA's Xu Hosts Thailand's Deputy Army Chief .....	15
Military Leaders Meet Thai General .....	15
SRV Fails To Report on Soviet Troop Withdrawal .....	15

#### NATIONAL AFFAIRS

Li Peng Chairs State Council Meeting 18 Apr .....	16
Deputies Praise News Coverage at NPC Session .....	17
Commentary Lauds Role of NPC Deputies .....	18
Deadline Set for Handling NPC, CPPCC Motions .....	18
Li Xiannian Chairs CPPCC Committee Meeting .....	19
Analysis of CPPCC National Committee Leaders .....	19



Biographical Notes on CPPCC Vice Chairman .....	20
Vice Chairman Wang Guangying .....	20
Vice Chairman Miao Yuntai .....	20
Vice Chairman Zhou Peiyuan .....	20
Vice Chairwoman Kang Keqing .....	21
Vice Chairman Deng Zhaoxiang .....	21
Vice Chairman Zhao Puchu .....	21
Vice Chairman Qu Wu .....	22
Vice Chairman Qian Xuesen .....	22
Vice Chairman Hu Sheng .....	22
Fan Zeng's Speech at Seventh CPPCC [RENMIN RIBAO 13 Apr] .....	23
Mao Statues Removed From Beijing University [KYODO] .....	25
Theorist Says China Has Not Entered Socialism [Hong Kong MING PAO 12 Apr] .....	25
RENMIN RIBAO on Press Legislation [13 Apr] .....	27
Article Addresses Irrational Social Distribution [GUANGMING RIBAO 31 Mar] .....	28
Article Says Social Mood 'Worsening', Harmful [Hong Kong ZHONGGUO TONGXUN SHE 16 Apr] .....	30
Scholar Stresses Studies Should Serve Reforms .....	31
Artists Complain About Party Interference .....	31
First Communication Satellite Still Functioning .....	32
Satellite Begins Television Transmission [CHINA DAILY 16 Apr] .....	32
Xinjiang Ground Station Operating .....	32
Deng Xiaoping Writes Memorial Hall Inscription .....	32
CPC Advisory Commission Members Visit Jeep Plant .....	33
Wu Xueqian, Gu Mu Attend Tourism Meeting .....	33
Tian Jiyun at Guangzhou Export Commodity Fair .....	34
Discusses Foreign Trade Reforms [CHINA DAILY 16 Apr] .....	34
Wang Binqian on Control of Institutional Spending .....	35
Wan Li Discusses State, Beijing Affairs .....	35
Yao Yilin, Tian Jiyun Hear Provincial Reports .....	35
Wang Fang on Public Security Ministry Tasks .....	36
Li Xiannian Comments on Hebei Agriculture .....	36
Plans Set To Publish Li Xiannian Works .....	37
Zhang Jingfu Inspects Hebei Market Reforms [HEBEI RIBAO 29 Mar] .....	37
Li Ximing, Sun Qimeng Meet Handicapped .....	38
Hong Kong Journal on Largest Naval Base [Hong Kong KUANG CHIAO CHING 16 Apr] .....	38
PLA Circular on Building Spiritual Civilization .....	40
Contractual Joint Venture Law Reported .....	41
Curbs Set on Joint Venture Hotel Construction .....	43
GUANGMING RIBAO Answers Ownership Queries [2 Apr] .....	44
RENMIN RIBAO on Piece Rate, Quota Wages [8 Apr] .....	45
New Commerce Minister on Price Increases .....	46
Retail Prices in Urban Areas Continue To Rise [CHINA DAILY 18 Apr] .....	47
Columnist Views 'Economic Resentment', Reform [Hong Kong SOUTH CHINA SUNDAY MORNING POST 17 Apr] .....	47
State Treasury Bonds To Become Negotiable .....	49
Taiwanese Nongovernmental Bank Opens in Zhejiang .....	49
Staff Cuts Planned in Mines, Power Plants [CHINA DAILY 16 Apr] .....	49
Rural Families Surveyed on Reform .....	50
Speed of Port Development Criticized [CHINA DAILY 18 Apr] .....	51
Daily Discusses Ways To Solve Water Shortage [RENMIN RIBAO 13 Apr] .....	52

## REGIONAL AFFAIRS

### East Region

Anhui Province Seeks More Foreign Investment .....	54
Foreign Investment in Fujian Increases .....	54
Fujian Works on New Export Processing Base .....	54
Han Peixin Returns to Jiangsu From NPC Session .....	54
Shandong Village Women Boost Skills, Incomes .....	54
Zhejiang Rural Enterprises Boost Economy .....	55

### Central-South Region

Guangdong Trains Foreign Enterprise Managers .....	55
Guangdong Urges Speeding Up Rural Reforms .....	55
Guangdong Meeting Stresses Family Planning .....	56
Guangdong Meeting Opposes Early Marriages .....	56
Shenzhen Economy Grows in First Quarter .....	56
Cuangxi Foreign Investors Get Priority Treatment [CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 18 Apr] .....	56
Henan Article Urges Shifting Labor Force .....	57
Hunan Secretary Attends Commemoration Meeting .....	57

### Southwest Region

Guizhou Surveys Spring Farming Funds Shortage .....	58
Guizhou's Hu Jintao Comments on NPC Session .....	58
Sichuan Urges Accelerated Development .....	58
Joint-Venture Leasing Company Opens in Sichuan .....	59
New Chengdu Pawnshop Faces Criticism .....	59
Dalai Lama Views Chinese Policy in Tibet, Riots [Paris LE MONDE 14 Apr] .....	59
Yunnan's Bai People Concerned About Education .....	60
Household Processing Helps Yunnan Ethnic Groups .....	61

### North Region

Beijing To Further Economize on Water .....	61
Beijing's Peasants' Income Per Capita Increases .....	61
More Accurate Weather Warning System for Beijing .....	62
Hebei Conference on Reform of Educational System [HEBEI RIBAO 28 Mar] .....	62
Tianjin's Li Ruihuan Inspects Construction Site .....	62
Tianjin Mayor Inspects Road Expansion Work .....	63

### Northeast Region

Jilin Holds Military Recruitment Conference .....	63
Shenyang Employment Agency Doing Brisk Business .....	63

### Northwest Region

Gansu NPC Deputies View Congress Achievements .....	64
Gansu Reports Economic Successes, Problems .....	64
Gansu Praised for Efficient Use of UN Aid .....	64
Xinjiang Meeting Urges Attention to Farmwork .....	65
Xinjiang Leader Advocates Restructuring Economy .....	65
Xinjiang Ground Station Relays TV Programs .....	65

### TAIWAN

Suspect 'Unlikely' Involved in Italian Bombing .....	66
Editorial on NPC Session in Mainland [CHINA POST 13 Apr] .....	66
Premier Rules Out Truce With Communists [CHINA POST 13 Apr] .....	66
Red Cross To Open Mail Service to Mainland .....	67
Opposition Politician Wants To Visit Mainland [KYODO] .....	67
Defense Minister on Importance of Kinmen, Matsu .....	67
Manufacturers To Attend Budapest Trade Show .....	68
President Meets St Christopher, U.S. Visitors .....	68
Economics Minister Urges Finance System Review .....	68
Agricultural Production Exceeds Target .....	68

## HONG KONG & MACAO

### Hong Kong

Aquino, Delegation Conducts Unofficial Visit .....	69
Attends Banquet <i>[HONGKONG SUNDAY STANDARD 17 Apr]</i> .....	69
Meets Domestic Workers <i>[AFP]</i> .....	69
Foreign Secretary Speaks <i>[AFP]</i> .....	70
UK Involvement in Shaping Basic Law Discussed <i>[CHING PAO 10 Apr]</i> .....	70
Local Businessman Discusses PRC Development .....	74
U.S. Congressmen Support Direct Elections <i>[HONGKONG SUNDAY STANDARD 17 Apr]</i> .....	74
Light Industrial Products Exports Rise <i>[HONGKONG SUNDAY STANDARD 17 Apr]</i> .....	75
International Heroin, Arms Ring Smashed <i>[HONGKONG SUNDAY STANDARD 17 Apr]</i> .....	75

### Macao

'Stumbling Blocks' in PRC-Portuguese Talks <i>[SOUTH CHINA MORNING POST 16 Apr]</i> .....	76
---	----

## Northeast Asia

### Japanese Special Envoy Meets PRC Leaders

#### Meets With Wu Xueqian

OW171534 Beijing XINHUA in English 1522 GMT  
17 Apr 88

[Text] Beijing, April 17 (XINHUA)—The Sino-Japanese relations, on the whole, are fine, said China's newly-installed Vice Premier Wu Xueqian here this evening.

Meeting with Masayoshi Ito, special envoy of Japanese Prime Minister Noboru Takeshita, Wu said that to develop the Sino-Japanese friendship is one of the important aspects of China's independent foreign policy of peace.

Ito, also chairman of the Executive Board of the Liberal Democratic Party of Japan, said that the Japanese prime minister attaches great importance to the Sino-Japanese relations and is willing to promote such relations on a long-term and stable basis.

Ito said he had brought with him a letter of congratulations from Prime Minister Takeshita for the newly-elected Chinese leaders.

Wu described Ito as an "old friend of the Chinese people", adding that he has contributed a lot to the enhancement of the Sino-Japanese relations.

He said China will continue to promote the Sino-Japanese friendship and cooperation on the basis of the Sino-Japanese joint statement and the China-Japan Peace and Friendship Treaty. Therefore, the two sides must handle properly the problems existing between the two countries, he added.

He described the "Kokoryo case" as the outstanding problem in the political relations between the two countries.

This is not a mere judicial issue, but an issue concerning major political principles, an issue of whether the Sino-Japanese joint statement and Peace and Friendship Treaty are observed, an issue of sticking to the stand of one China or practising "two Chinas" or "one China and one Taiwan," Wu said, adding that China hopes the Japanese side will resolve the problem properly.

On the Sino-Japanese economic cooperation, Wu stressed that China has worked out a strategy of economic development for its coastal areas, and hopes the Japanese Government will encourage and support Japanese entrepreneurs to invest in China.

Wu said that recently two Japanese firms trading with China were searched. This has added to the negative effects left over by the "Toshiba case" last year.

China hopes no such things would take place to the detriment of Sino-Japanese economic and trade cooperation, he said.

Ito said that he often told the Japanese that two principles should be taken into account in handling Japan-China relations, namely, correct understanding of the war in the past and the conception that Taiwan is part of China. These were also the Japanese Government's principles set when the two countries normalized their relations.

As for the problems existing between the two countries, Ito said they should be properly settled through mutual efforts so as to avoid adverse effects on the overall situation of the bilateral relations.

They also discussed how to properly handle the problems arising from the March 24 train accident. Both expressed the willingness for further cooperation in handling the matter.

#### Further on Meeting With Wu

OW171225 Tokyo KYODO in English 1203 GMT  
17 Apr 88

[Text] Beijing, April 17 KYODO—Japan's Government emissary Masayoshi Ito offered on Sunday to provide all-out help for China's modernization efforts and to strengthen friendly relations between the two countries, Japanese officials said.

Ito, in a meeting with Vice Premier Wu Xueqian at the Diaoyutai Guesthouse for an hour immediately after his arrival from Tokyo, conveyed Japanese Government congratulations for the election last week of China's new government at the National People's Congress (legislature).

The NPC elected Yang Shangkun as president, Wan Li as NPC chairman, Li Peng as premier, Wu as vice premier, and Qian Qichen as foreign minister.

Ito, chairman of Japan's ruling Liberal Democratic Party Executive Council, later attended a dinner given in his honor by the vice premier.

While staying in China through Wednesday as a special envoy of Prime Minister Noboru Takeshita, Ito will meet senior leader Deng Xiaoping and Premier Li Peng, the officials said.

Ito will hand to Li Takeshita's message which the officials said include an invitation for him to visit Japan.



#### **Meeting With Wan Li**

OW181115 Tokyo KYODO in English 1054 GMT  
18 Apr 88

[Text] Beijing, April 17 (KYODO)—China's parliamentary leader Wan Li and Japanese Government emissary Masayoshi Ito agreed Monday to work toward a bilateral investment protection agreement, Japanese officials said.

Ito, a special envoy of Prime Minister Noboru Takeshita, met for 30 minutes with the newly elected chairman of the Standing Committee of the National People's Congress (legislature) at the Great Hall of the People.

Ito, chairman of the ruling Liberal Democratic Party's Executive Council currently on a four-day visit here through Wednesday, proposed the investment pact in order to help promote Japanese investment in China, the officials said.

Wan was quoted as saying he hopes to learn from other nations regarding laws regulating economic relations with foreign countries and reaffirmed China's open-door policy, the officials said.

Wan, a former vice premier, succeeded Peng Zhen as chairman of the NPC Standing Committee at the end of the body's three-week session last week.

Ito told Wan that Japanese business corporations hope to promote investment in the United States, Thailand and China.

Japan and China will hold talks on the investment protection agreement before Prime Minister Takeshita visits China in late August, the officials said.

The two men agreed that Sino-Japanese friendship is essential to peace and stability in Asia and the world, the officials said.

The senior LDP officer told Wan that in addition to exchanges at the summit level, grassroots and cultural contacts were vital to cementing bilateral political and economic relations.

Ito, who met with Vice Premier Wu Xueqian upon his arrival in Beijing Sunday, is scheduled to meet senior leader Deng Xiaoping and Premier Li Peng on Tuesday.

He will hand Li a message from Takeshita, which the officials said includes an invitation for Li to visit Japan.

#### **Leaders Invited To Japan**

OW170630 Beijing XINHUA in English 0621 GMT  
17 Apr 88

[Text] Tokyo, April 17 (XINHUA)—Japanese Prime Minister Noboru Takeshita wants Chinese leaders Zhao Ziyang and Li Peng to visit Japan to help improve Sino-Japanese relations.

The invitation is contained in separate personal messages that are to be delivered to Zhao and Li by Takeshita's emissary, Masayoshi Ito, who left this morning on a four-day trip to China.

Ito is chairman of the Executive Council of the ruling Liberal Democratic Party (LDP). His visit to China is to "renew acquaintance" with old friends and to do groundwork for scheduled visits to China by Foreign Minister Sosuke Uno in May and Takeshita in August, according to LDP sources.

Ito is also expected to meet with Deng Xiaoping and other Chinese leaders to discuss bilateral relations and international issues, including the INF medium-range missile agreement, Soviet troop withdrawal from Afghanistan, Sino-Soviet relations and the situation on the Korean Peninsula.

#### **PLA Friendship Delegation Visits DPRK**

##### **Feted by Kim Il-song**

OW170924 Beijing XINHUA Domestic Chinese  
1309 GMT 16 Apr 88

[By reporter Zhu Kechuan]

[Text] Pyongyang, 16 Apr (XINHUA)—Kim Il-song, general secretary of the Korean Workers' Party Central Committee and president of the Democratic People's Republic of Korea, had a meeting today with a visiting friendship group of the Chinese PLA headed by Zhang Zhongxian, political commissar of the Guangzhou Military Region. The meeting took place at Pyongyang's Kumsusan Assembly Hall.

Welcoming the visitors, President Kim Il-song said he was especially glad to meet veterans from the former Chinese volunteers who fought in Korea. He said volunteers of the Chinese people shed precious blood in the war of liberating the Korean fatherland, and exerted great efforts in helping Korea's postwar reconstruction. He said the Korean people will never forget the friendship between the Chinese and Korean people, which has been sealed with blood.

President Kim Il-song asked Zhang Zhongxian to convey his regards to Chinese leaders Deng Xiaoping, Zhao Ziyang, and Li Xiannian; and his greetings to comrades Yang Shangkun and Li Peng for becoming state president and premier of the State Council, respectively. He

also praised China's policy of opening to the outside world and the successes achieved by the Chinese people in their four modernizations drive.

Zhang Zhongxian conveyed the regards of Deng Xiaoping, Zhao Ziyang, and Yang Shangkun to Kim Il-song, and warmly hailed the successes the Korean people have achieved in their socialist construction during the past 40 years under the leadership of President Kim Il-song.

Present at the meeting were O Chin-u, member of the Standing Committee of the KWP Political Bureau and minister of the Korean People's Armed Forces; Wen Yezhan, Chinese Ambassador to the DPRK; and Wang Dahui, military attache of the Chinese Embassy in Korea.

#### **Medals Presented to Delegation**

OW171206 Beijing XINHUA in English 0739 GMT  
17 Apr 88

[Text] Pyongyang, April 17 (XINHUA)—Korean Vice President Pak Song-chol today awarded 14 medals to a visiting Chinese military delegation led by Zhang Zhongxian, political commissar of the Guangzhou region of the People's Liberation Army (PLA).

The medals were awarded in the Mansudae Assembly Hall of Pyongyang under a political order signed by Korean leader Kim Il-song on April 12. They include first-class and second-class friendship medals, and medals of third-class order of national flag and distinguished military-service.

Kim's order praised the Chinese PLA goodwill military delegation for its contribution to strengthening the friendship and unity of the two peoples and two armies and for supporting the Korean people in their struggle for the peaceful reunification of the peninsula.

The Chinese delegation arrived here April 8 and has visited Pyongyang and other places in the country. They will leave for home on Monday.

#### **Meeting With O Chin-u**

OW161542 Beijing XINHUA Domestic Service  
in Chinese 1815 GMT 13 Apr 88

[Text] Pyongyang, 13 Apr (XINHUA)—Vice Marshal O Chin-u, member of the Standing Committee of the Central Political Bureau of the Workers' Party of Korea and minister of the People's Armed Forces, met with a Chinese PLA goodwill visiting group in Pyongyang today.

During the meeting, Zhang Zhongxian, head of the Chinese PLA visiting group and political commissar of the Guangzhou Military Region, praised the great achievements made by the Korean people and Armed Forces in defending and building their country. When O Chin-u learned that six members of the visiting group

once fought in Korea during Korea's fatherland liberation war, he happily recalled those years in which he and the Chinese comrades-in-arms supported each other and fought side by side together. He said: The friendship between the Korean people and the Chinese people is cemented with blood, and no storms can destroy the friendly relations between us.

Present at the meeting were Lieutenant General Yun Chi-ho, director of the General Political Bureau of the Korean People's Army; Chinese Ambassador to Korea Wen Yezhan; and Wang Dahui, military attache of the Chinese Embassy.

The Chinese PLA goodwill visiting group arrived in Pyongyang on 8 April. Army General Choe Kwang, chief of the general staff of the Korean People's Army, also met with the visiting group.

#### **Rui Xingwen Marks Kim Il-Song's 76th Birthday**

OW160035 Beijing XINHUA in English 1625 GMT  
14 Apr 88

[Text] Beijing, April 14 (XINHUA)—The 76th birthday of Kim Il-song, president of the Democratic People's Republic of Korea (DPRK), was marked here today at a film reception held by Sin In-ha, Korean ambassador to China.

Rui Xingwen, member of the Secretariat of the Chinese Communist Party Central Committee, and Zhu Liang, head of the International Liaison Department of the committee, attended the reception.

A documentary "New Korea" on the DPRK's achievements in industry and agriculture was shown at the reception.

### **Southeast Asia & Pacific**

#### **Philippine President Continues PRC Visit**

##### **Aquino Visits Xiamen Enterprise**

OW151425 Beijing XINHUA in English 1509 GMT  
14 Apr 88

[Text] Xiamen, April 14 (XINHUA)—Philippine President Corazon Aquino today visited the Xiamen Overseas Chinese Electronics Co.

The company is a joint venture of Hong Kong's Conic Investment Co. Ltd, and the United Development Co. Ltd of the Xiamen Special Economic Zone and the Xiamen Electronic Industry Co. It has over 2,000 employees and 20 million U.S. dollars in capital.

As the president entered the workshop, Feng Guangrui, general manager of the corporation, explained to her that the corporation made profits soon after it started in 1985. The annual output value of the corporation is 100 million U.S. dollars, Feng said.

It is estimated that 400,000 color TV sets will be produced this year, among which 60 percent will be for export, and the output value will be double that of last year, Feng said.

He added that the corporation owns 11 factories and can make most of the parts.

Mrs. Aquino said that she was delighted to know that the corporation has developed so rapidly.

Feng told the president that some products are made according to orders from customers in the United States, Canada, the Netherlands, Britain and Federal Germany.

At the conclusion of her visit, the president wrote "Congratulations on the outstanding work you are doing" in the visitors' book.

Later in the afternoon, the president and her party left here for Beijing by special plane.

**Aquino Addresses 14 Apr Banquet**  
HK180349 Quezon City Radyo ng Bayan  
in Tagalog 1300 GMT 17 Apr 88

[From the "Ask the President" program—"excerpts" of President Corazon Aquino's speech in English at the banquet given for her by Chinese President Yang Shangkun on 14 April—recorded]

[Text] We seek justice in the economic relations of rich and poor countries and share the same faith that the progress of each nation need not be purchased with the impoverishment of others. We accept that there will always be differences between nations, yet continue to hope and work so that these divisions shall not be covered over by the rubble of war or obliterated along with the human race in a nuclear war.

We are impatient in our hope, and oftentimes disappointed in our neighbors, to achieve peace and understanding in the world, yet accept that the work must proceed slowly, in step with all other nations, for peace and understanding cannot be imposed. In the way of lasting friendship, it must grow from within each of us by the habit of mutual respect.

In that regard, the Asia of today has shown the way. There is the friendship among the ASEAN states and the amicable relations of those states with the premiere Asian state of China. Those relations are marked by the greatest mutual respect for each other's sovereignty, territorial integrity, and way of life, and by the determination—when differences arise on these matters—to resolve them always with justice and reason and unwavering commitment to keep the peace.

From this, in my country's particular regard, has flowed our one-China policy, recognizing the government of the People's Republic of China as the sole legal government

of China, and denying itself any pretensions to influence the final configuration of China's geographical identity. That policy is not only a counsel of respect but an admission that no force external to China can influence the destiny of a people whose struggle for national liberation shook the world.

From this also has flowed the Chinese assurance that, for all of China's size and power, it will not interfere in the internal affairs of her neighbors; and from that resolve, to do justice to act in seeking an end to conflict and insecurity in Kampuchea, in Afghanistan and in South Africa—even as we look with hope to the measures recently adopted by the Soviet Union and the United States to reduce the threat of world destruction by nuclear war.

**Li Peng Pledges No Support to Rebels**  
HK160123 Hong Kong SOUTH CHINA MORNING  
POST in English 16 Apr 88p 1

[By Seth Faison]

[Text] China yesterday pledged not to support communist rebels in the Philippines as President Corazon Aquino and Prime Minister Li Peng smoothed over differences in military and trade matters.

"China will not interfere in your internal affairs and will not support the Communist Party of the Philippines," Mr Li said.

Although both countries have denied arms shipments existed, the Philippines reportedly issued a formal protest last year after intercepting such a shipment allegedly bound for New People's Army guerrillas.

Mr Li's unsolicited pledge seemed to be an attempt to close the issue for China, which has been criticised by other countries for its growing role in international arms dealings.

Mr Li also reaffirmed the mutual agreement between China and the Philippines to use peaceful means to resolve conflicting claims over some of the Spratly Islands.

The islands, sprinkled over the South China Sea, are jointly claimed by several nations and recently led to armed clashes between China and Vietnam.

The meeting between China's foreign minister Mr Qian Qichen, and his Filipino counterpart, Mr Raul Manglapus, was extended nearly an hour because of detailed discussions over the Spratlys and other issues.

Mr Li accepted in principle an invitation from Mrs Aquino to visit the Philippines. Dates will be set later.



After a visit to the Forbidden City and the Great Wall, Mrs Aquino attended a formal banquet hosted by President Yang Shangkun.

Pointing to the "severely damaged" economies and political systems in both China and the Philippines, Mrs Aquino also mentioned the common "presence of recalcitrant elements that seek to return us to the injustices, the weaknesses, and the humiliations of the past".

She is expected to meet top Chinese leader, Mr Deng Xiaoping, this morning.

Mrs Aquino's press secretary brushed aside the death threats Mrs Aquino was reported to have received from fugitive rebel leader Gregorio "Gringo" Honasan.

"Sir, Mrs Aquino eats death threats for breakfast, lunch and dinner," Mr Teodoro Benigno commented.

Good news for Mrs Aquino yesterday was the arrest in a suburban house in Manila yesterday of the eight navy guards who helped Honasan escape from his prison ship.

Raids were continuing and more arrest were possible.

#### **Aquino on Strengthening Ties**

OW151344 Beijing XINHUA in English 1327 GMT  
15 Apr 88

[Text] Manila, April 15 (XINHUA)—Philippine President Corazon Aquino said in a radio interview today that her talks with Chinese leaders will strengthen relations between China and the Philippines in various fields of mutual interest.

She said she is hopeful that because of this visit, not only the two peoples will feel closer to each other, but that trade relations between the two countries will also expand. President Corazon Aquino's interview was broadcast live in Manila from Beijing, China.

President Aquino enters the second day of her state visit to China today and held talks with Chinese President Yang Shangkun and Premier Li Peng.

Mrs. Aquino said that she has told the Chinese president that the Philippines is open to all foreign investors who are willing to help her country in building industries and generating employment.

Meanwhile, Executive Secretary Catalino Macaraig, the caretaker of the Philippine Government during President Aquino's visit to China, said here today that he had conversations with the president last night and this morning, during which she told him "the trip is just fine."

He told the president, "everything is going on smoothly here."

#### **Meeting With Li Xiannian**

OW151454 Beijing XINHUA in English 1435 GMT  
15 Apr 88

[Text] Beijing, April 15 (XINHUA)—Li Xiannian, newly-elected chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), welcomed Philippine President Corazon Aquino to China this evening.

"On television I saw you plant a tree in Hongjian Village in southeast China's Fujian Province," Li said, "and this tree of friendship will grow for thousands of years."

President C. Aquino was invited to visit China by Li when he was president of the state, and for this reason he said, "I had to meet you, and I am very happy to see you here."

The president thanked Li for the meeting, congratulated him on being elected chairman of the CPPCC, and mentioned that Li's invitation was one of the first invitations extended to her by heads of foreign countries.

"China and the Philippines are neighbors separated only by a strip of water, we understand each other, and we should pursue long-term friendship," Li said, adding he believes the president's visit will certainly further promote friendship between the two countries.

Agreeing with Li, President C. Aquino said the Philippine and Chinese peoples should respect each other and do more to promote friendship.

#### **Yang Shangkun Hosts Banquet**

OW151650 Beijing XINHUA Domestic Service  
1450 GMT 15 Apr 88

[Text] Beijing, April 15 (XINHUA)—President Yang Shangkun said at tonight's state banquet in honor of Philippine President Corazon Aquino: "Philippine friends may rest assured that the Chinese people will forever remain their trustworthy friends."

In her reply, President Corazon Aquino said: "I and my party have received a most warm welcome from the Chinese people. The hospitality we have enjoyed rightly symbolizes the cordiality and firm friendship that have long existed between our two peoples."

The state banquet took place in the West Hall of the Great Hall of the People.

Yang Shangkun was the first speaker at the banquet. He said: "We are very pleased that President Corazon Aquino has, at our invitation, come to China for a state visit at this time when spring has come and the First Session of China's Seventh NPC has successfully ended."

Yang Shangkun said President Corazon Aquino was the first head of a foreign government he received since assuming presidency. On behalf of the Chinese Government and people, and in his own name, Yang extended a warm welcome to President Corazon C. Aquino and other distinguished guests from the Philippines.

Yang described Corazon Aquino as an "outstanding stateswoman of the Philippines," adding she has long enjoyed great fame among the Chinese people, although this is but her first visit to China.

At the critical time in the Philippines she undertook the historic mission and task mandated by the country and its people, he said.

He said in the past two years, the Philippine Government and people have, under the leadership of the president, overcome numerous difficulties and exerted unremitting efforts in stabilizing the situation and restoring and invigorating the economy.

The Philippines was thus set on the road of sound development, with gratifying growth in its national economy for two years running, he said. The Chinese people rejoiced at the success the Philippine people have achieved, and greatly admired them for their "unyielding will and indomitable spirit."

Yang said China and the Philippines are close neighbors facing each other across the sea. The friendship between the two peoples dated back to time immemorial.

He noted that since President Corazon Aquino took office, the friendly cooperation between the two countries in the economic and trade, cultural, scientific and technological fields has continued to grow, and the traditional friendship between the two peoples has developed continuously. The exchange of visits by the leaders of the two countries has enhanced mutual understanding and mutual trust, he said.

"All this has helped usher in a new historical period in our bilateral relations," he pointed out.

Attaching importance to and concerning herself with the development of Sino-Philippine relations, C. Aquino has on many occasions made friendly remarks about China which were followed by positive measures, thus making invaluable contributions to the development of Sino-Philippine relations, he said.

Yang said the Chinese Government and people likewise highly cherished the sincere friendship between China and the Philippines. "It is our firm policy to develop long-term and steady good-neighborly and friendly relations with your country on the basis of the five principles of peaceful coexistence," he said.

Yang pointed out that to maintain peace and develop the economy was a common task facing both China and the Philippines. He said the third ASEAN summit meeting presided over by President Corazon Aquino last December made positive contributions to maintaining peace and stability in Southeast Asia and to advancing the economic cooperation among the ASEAN countries.

"It is our sincere hope that in the pursuit of the cause of safeguarding regional peace and promoting common development, China's friendly relations and cooperation with the Philippines and other ASEAN countries will be further consolidated and developed," he said.

He described President Corazon Aquino's visit as "a major event" in the history of Sino-Philippine relations. He said: "Prior to your visit, you expressed the hope that the visit would contribute to the enhancement of permanent and genuine close ties between our two countries. I am confident that this hope will be realized."

Corazon Aquino said: "It is indeed a privilege to be the first foreign head of government to visit China after the milestone First Session of the Seventh National People's Congress, where China's new course is being set by her great people and wise leaders."

"As head of a new government of a country that is trying to remould itself in the image of justice and progress, it is fitting that we visit here at this juncture in China's history when a reaffirmation of its own vision of justice and progress is being made," she said.

She said that "a strong, proud and truly independent China emerged from her great revolutionary struggle against oppression. National strength, pride and independence were also our goals when we made our own revolution two years ago," the president added.

She said that "so too have been the problems that beset our respective courses: a severely damaged economy and political system, and, in the midst of national resolve to overcome seemingly insurmountable obstacles to material progress and social justice, the presence of recalcitrant elements that seek to return us to the injustices, the weakness, and the humiliations of the past."

She said that the new course of greater economic progress and political reforms that China and the Philippines have set themselves these recent years promises even greater harmony and more meaningful cooperation between them, adding that this is especially true of their common efforts to achieve stability, peace and progress in the world.

On many of the great issues of international politics and economics, China and the Philippines stand on common ground, she said.

"We hope that every nation, super or small, shall respect in others the same desire for national independence and security that it seeks for itself. We seek justice in the economic relations of rich and poor countries and share the same faith that the progress of each nation need not be purchased with the impoverishment of others," she said.

"We accept that there will always be differences between nations, yet continue to hope and work that these divisions shall not be covered over by the rubble of war, or obliterated along with the human race in a nuclear war," she said.

She said: "There is the friendship among the ASEAN states, and the amicable relations of those states with the Asian state of China. Those relations are marked by the greatest mutual respect for each other's sovereignty, territorial integrity, and way of life, and by the determination, when differences arise on these matters, to resolve them always with justice and reason and unwavering commitment to keep the peace."

"From this, in my country's particular regard, has flowed our one-China policy recognizing the government of the People's Republic of China as the sole legal government of China and denying itself any pretention to influence the final configuration of China's geographical identity. That policy is not only a counsel of respect, but an admission that no force external to China can influence the destiny of a people whose struggle for national liberation shook the world," she said.

"From this also has flowed the Chinese assurance that, for all of China's size and power, it will not interfere in the internal affairs of her neighbors. And from the resolve to do justice, to act with reasons, and to keep the peace among us has come the commitment we share to encourage the same justice, reason and the ways of peace in the settlement of disputes in the rest of the world," she said.

"And so we stand together in seeking an end to conflict and insecurity in Kampuchea, in Afghanistan, and in South Africa, even as we look with hope to the measures, recently adopted by the Soviet Union and the United States, to reduce the threat of world destruction by nuclear war," she said.

The banquet proceeded in an atmosphere of warmth and friendship. military band of the Chinese People's Liberation Army played Philippine songs, namely, "Song of Bamboo Pole Dance," "Our Country," "Unite," and "The Philippines, My Philippines" as well as Chinese songs, namely, "Jubilation," "Higher and Higher," "The Keok Flower," and "A Hundred Flowers Blooming." An ice sculpture showing a deer was placed at the center on the main table covered with white table cloth. It was surrounded by green grass and flowers, which added a sign of spring.

Philippine Foreign Minister Raul Manglapus and other distinguished Philippine guests who are accompanying President Corazon Aquino on the visit were also invited to the banquet.

Also present at the banquet were Peng Chong and Chen Muhua, vice chairmen of the NPC Standing Committee; Wu Xueqian, vice premier of the State Council; Minister of Foreign Affairs Qian Qichen; Wu Wenying, chairman of the Reception Committee of the Chinese Government and minister of the textile industry; Minister of Agriculture He Kang; Zheng Tuobin, minister of Foreign Economic Relations and Trade; Governor of Fujian Province Wang Zhaoquo; Governor of Jiangsu Province Gu Xiulian; and responsible persons from other departments concerned.

#### **Philippine Foreign Minister on Cambodia**

OW151340 Beijing XINHUA in English 1311 GMT  
15 Apr 88

[Text] Beijing, April 15 (XINHUA)—"The complete withdrawal of Vietnamese troops from Kampuchea is the key to settling the Kampuchean issue," Chinese Foreign Minister Qian Qichen said today.

Qian made the remark at a meeting with Philippine Foreign Minister Raul S. Manglapus, who is in Beijing with visiting Philippine President Corazon Aquino.

According to Qian, "Vietnam can't act as an outsider, but has to participate in solving the Kampuchean issue, and should discuss with Prince Sihanouk and the Coalition Government of Democratic Kampuchea."

"China and the Philippines are good neighbors," Qian said, "and they enjoy friendship and mutual respect."

"The Philippine Government is satisfied with Philippines-China relations," Manglapus said, "and prospects look good for further development."

The two foreign ministers also discussed trade and personnel exchange between the two countries, and exchanged views on the international situation and regional issues of common concern.

#### **Leaders Meet Philippine Officials**

OW151716 Beijing XINHUA in English 1638 GMT  
15 Apr 88

[Text] Beijing, April 15 (XINHUA)—Zheng Tuobin, Chinese minister of foreign economic relations and trade, held talks here today with Jose Concepcion, Jr., Philippine minister of trade and industry.

He Kang, Chinese minister of agriculture, held talks here today with Carlos Dominguez, minister of agriculture of the Philippines, and Fulgencio Factoran, Jr., minister of natural resources of the Philippines.



Zhu Lilan, vice minister of State Science and Technology Commission, held talks with Ricardo Lantican, Philippine vice minister of science and technology.

#### Trade Documents Signed

OW160800 Beijing XINHUA in English 0744 GMT  
16 Apr 88

[Text] Beijing, April 16 (XINHUA) — A protocol on the importation and exportation of commodities for 1988 and a memorandum of understanding between the Chinese and Philippine Governments on trade were signed here today.

Chinese Minister of Foreign Economic Relations and Trade Zheng Tuobin and Philippine Minister of Trade and Industry Jose Concepcion, Jr. signed the documents with Philippine President Corazon Aquino and Chinese President Yang Shangkun looking on.

Under the agreements, both sides would make efforts to increase bilateral trade volume in the next five years.

Among those present were also Chinese Foreign Minister Qian Qichen, head of the Chinese Government reception committee and Minister of the Textile Industry Wu Wenying, Philippine Minister of Foreign Affairs Raul Manglapus and other guests from the Philippines.

#### Zhao on Expanding Cooperation

OW160934 Beijing XINHUA English 0915 GMT  
16 Apr 88

[Text] Beijing, April 16 (XINHUA) — "The Chinese Communist Party, government and leaders consider friendly cooperation with the Philippines very important," Zhao Ziyang, general secretary of the Central Committee of the Chinese Communist Party (CPC) said today.

Zhao made these remarks in a meeting with Philippine President Corazon Aquino and her party this morning when he also said, "we will continue to expand and strengthen this cooperation."

"The Chinese and Philippine peoples cherish friendship," Zhao went on, "and we share special kinship-like relations, which have been formalized in friendly contacts, and should be treasured."

He noted that President Corazon Aquino has attached great importance to the development of friendly relations between China and the Philippines since she took over as the president, adding president aquino has done a lot to expand friendly relations between the two countries, and China is grateful to her for these efforts.

The Philippine president expressed thanks to Zhao for her warm welcome in China and the hospitality she and her party received in Beijing and Fujian Province's Hongjian Village.

"Though my visit is short, it has been exciting, significant, and unforgettable," the president said, adding mutual visits by leaders of the two countries would help improve mutual understanding and expand friendship.

Zhao briefed the Philippine guests on China's reform and open policy and discussed the country's economic development strategy.

"China's economy has steadily developed over the past nine years," Zhao said, "and the main reason is because China is working under a system of reforms and an open policy."

"Whether China's economy can continue developing in the future depends on whether these policies can continue to be carried out," Zhao said.

"China's current policy will continue, and will not be changed or reversed," Zhao said, "because China made a conscious decision to follow this policy, which was worked out after analyzing all the positive and negative experience of past several dozen years."

"Along with China's economic development over the past nine years," Zhao said, "the people's standard of living has improved and China's political situation is stable."

"The Chinese people have come to realize the present policy is compatible with their own interests," Zhao said, "and even if some people want to change the current policy, the masses will not allow them to do so."

"The country's current policy has already taken root among the masses, and no force would be able to change it," he reiterated.

According to Zhao, the Chinese Communist Party's 13th National Congress last year was called a success, which has ensured the political, ideological and organizational base under which the current policies can be carried out.

"China will remain politically stable for a long time, and the economy will continue to develop," Zhao said.

"Though we will face difficulties and problems along the way," Zhao stated, "we are confident we can gradually solve them all."

President Aquino briefed Zhao on the Philippines' economic development and said, "with the political situation more stable in the Philippines, foreign investors are putting more money into the country."

"Development in the Philippines," she noted, "will proceed in a systematic way because a balance must be maintained between ideology and reality."

She said, since the establishment of the new government, the Philippine economy has steadily improved, and Zhao congratulated her on the success.

President Aquino said she hopes General-Secretary Zhao Ziyang will have a chance to visit the Philippines and see the changes which have taken place there since his 1981 visit when he was China's premier.

Zhao said he hopes to visit the beautiful country, especially to see the achievements the Philippines have made under the leadership of President Aquino.

#### **Meeting With Deng Xiaoping**

*OW162046 Beijing XINHUA Domestic Service  
in Chinese 1133 GMT 16 Apr88*

[By reporters Feng Xiulan and Yu Jiafu]

[Text] Beijing, 16 Apr (XINHUA)—Chairman Deng Xiaoping and Philippine President Corazon Aquino had a 50-minute meeting today in a friendly, pleasant, and humorous atmosphere.

The meeting took place at the Fujian Hall of the Great Hall of the People, where close to 100 Chinese and foreign reporters had gathered and been waiting for a long time. When the two leaders were meeting, the reporters were permitted to remain on hand to listen to their conversation for some 10 minutes.

#### **China Hopes for Peace (subhead)**

Deng Xiaoping briefed Corazon Aquino on China's development and construction. He stressed that China hopes for world and regional peace and especially the development of friendly relations with Asian and ASEAN countries and making better friends with them.

Deng Xiaoping said: "We hope that all international problems can be settled by peaceful, fair, and reasonable means."

He expressed the wholehearted hope that both China and the Philippines would energetically use the peaceful international environment to develop their own economies. He expressed the hope that not only would the Philippines become prosperous, stable, rich, and strong, but all the ASEAN countries would develop as well.

Corazon Aquino gave a briefing on the development achieved by the Philippines. She said that she has witnessed great successes in China's reform and hopes to learn something from it.

#### **"Even If I Had Retired, I Would Still Meet You" (subhead)**

Immediately after the guest and host sat down in the Fujian Hall, Corazon said to Deng Xiaoping: "You look very healthy."

Deng Xiaoping replied: "I am already 84. Last year I wanted to go into full retirement, but others did not agree. Now I am in a semiretirement state."

Corazon Aquino said: "I am very glad that you have not fully retired, otherwise I would not have such a good opportunity to meet you."

Deng Xiaoping said with a smile: "Even if I had fully retired, I would still meet you, because China and the Philippines, as well as the peoples of these two countries, are good friends and share special kinship ties."

Deng Xiaoping told Corazon Aquino: "You have met with a rather difficult situation since you were elected the president of the Philippines. However, you have managed very well, bringing the Philippines from turbulence to a relatively stable state. I believe you will do your job very well. China hopes for a stable, prosperous, rich, and strong Philippines."

Deng Xiaoping said: "There are some knots between us which are not hard to untie. We are very appreciative particularly because you have taken some time to visit China despite your extremely busy work at home."

Referring to the situation in the Philippines, Corazon Aquino said: "After five coups d'etat, I am still the president of the Philippines. This fact makes the whole world know that our situation is stable."

The two leaders spoke highly of the Five Principles for Peaceful Coexistence, holding that these principles are of great importance, can stand the test of time, and are full of vitality. Both said that they would make positive efforts to further develop friendly relations and cooperation between China and the Philippines.

#### **"We Have Recognized Each Other as Relatives" (subhead)**

At 1000 [0200 GMT], when Mrs Aquino came to the Fujian Hall, Deng Xiaoping, dressed in a black tunic and pants, stepped forward with vigorous strides. Holding her hand, he said: "Welcome. I am very glad to meet you." Then Deng Xiaoping asked: "Where are your daughters?" When President Aquino's two daughters stepped toward Deng Xiaoping from among other members of the entourage, Deng Xiaoping asked with a smile: "Could you call me Grandpa Deng?" Both nodded. Deng Xiaoping said in delight: "We have recognized each other as relatives." Immediately, the reporters gathering at the door of the hall recorded this moving scene with their pens and cameras in hands.

#### **Laughter Resounds in the Hall (subhead)**

Shortly after the meeting started, Deng Xiaoping asked Corazon Aquino: "May I smoke?" Corazon Aquino said humorously: "I cannot say no to you because I am not

the leader of this country. But in the Philippines there is no smoking in Cabinet meetings." Hardly had this remark been made when the entire hall burst into laughter.

Deng Xiaoping said: "At a meeting of the Seventh NPC, I violated a regulation. When I habitually took out a cigarette, a deputy slipped me a note criticizing me. I could do nothing but immediately accept his criticism." After saying this, he laughed heartily.

#### **Aquino Holds Press Conference**

*OW161530 Beijing XINHUA Domestic Service  
in Chinese 0744 GMT 16 Apr 88*

[Excerpt] Beijing, 16 Apr (XINHUA)—Philippine President Corazon Aquino said her visit to China was a significant and memorable journey. She made these remarks at a press conference held at the Great Hall of the People this morning.

She said: Through her state visit, the Philippine people will have a better understanding of China. There will be more Filipinos coming to China from now on.

Mrs Aquino said that there are many things that can be done between the two countries, and that the Philippines wishes to expand trade with China. She said that what pleases her is that Premier Li Peng has promised to donate 10,000 metric tons of rice as relief grain to help the people of the Philippines overcome the difficulties caused by drought last year. She said that this shows the Chinese people are concerned about the Philippine people.

Mrs Aquino said that she has received assurances from the Chinese leaders that the Chinese Government supports the Corazon Aquino government. She said that the Aquino government will prevail even when she is not in the Philippines, and that she has great confidence in the support of the Philippine people.

Mrs Aquino also talked about her impression of Chairman Deng Xiaoping. She said that her meeting with Deng Xiaoping was the highlight of her visit. She said she admires Chairman Deng Xiaoping, who is one of the greatest figures of this century.

When asked about the Nansha Qundao [Spratly Islands], Mrs Aquino said she and the Chinese leaders have discussed the issue, and both sides have agreed that the two countries have many things to take care of in their respective countries and that the question of Nansha Qundao may as well be temporarily shelved.

On the question of the Communist Party of the Philippines, Mrs Aquino said that both countries agree this is a domestic issue for the Philippines, and the two countries should not interfere in each other's domestic affairs.

Mrs Aquino said that she and the Chinese leaders did not discuss the question of U.S. military bases in the Philippines. [passage omitted]

#### **Yang Shangkun Bids Farewell to Aquino**

*OW162112 Beijing XINHUA Domestic Service  
in Chinese 1318 GMT 16 Apr 88*

[Text] Beijing, 16 Apr (XINHUA)—Philippine President Corazon Aquino left Beijing for home by special plane this afternoon after winding up her state visit to China.

At noon today, President Yang Shangkun came to the Great Hall of the People to bid farewell to President Corazon Aquino and her party. Yang Shangkun and Corazon Aquino had a short and cordial conversation in Hebei Hall.

Yang Shangkun said: Many Chinese leaders happily met you during this visit. This is an indication of our high respect for the Philippine people and Your Excellency.

Yang Shangkun expressed the opinion that Corazon Aquino's visit to China was a very successful one.

Corazon Aquino said: "I think this visit will deepen the understanding between our two peoples. To me, this is the most important objective."

Yang Shangkun suggested that on her next tour to China, the Philippine president visit some other parts of the country, such as the special economic zones.

Yang Shangkun welcomed the Philippine friends who visited China this time to come again. He also welcomed all Philippine friends wishing to visit China to come as if they were visiting relatives. China and the Philippines are close neighbors, and it is hoped that the relations between the two countries will continue to develop, he said.

Yang Shangkun asked President Corazon Aquino to convey the Chinese people's regards to the Philippine people.

Corazon Aquino expressed appreciation for this. She said that the Philippine people have seen via television all her activities during this visit, which will encourage many Filipinos to visit China and see this beautiful country for themselves.

Following the cordial conversation, Yang Shangkun walked President Corazon Aquino and the other distinguished Philippine guests out of the East Gate of the Great Hall of the People.



**Aquino on Visit to Hong Kong**

OW161150 Beijing XINHUA in English 1120 GMT  
16 Apr 88

[Text] Hong Kong, April 16 (XINHUA)—Philippine President Corazon Aquino arrived here by special plane around 5:00 p.m. After her three-day visit to China.

She is paying an unofficial visit to Hong Kong and is scheduled to leave for Manila with her entourage tomorrow afternoon, according to the Philippine consulate here.

It is the first time for a Philippine president to visit Hong Kong, the consulate said. A banquet jointly hosted by the Hong Kong Trade Development Council and the Philippine Association of Hong Kong will be held later this evening in her honor.

It is expected that the one-day visit by Mrs. Aquino will promote bilateral trade relations. The Hong Kong-Philippine trade volume reached almost six billion Hong Kong dollars (about 765 million U.S. dollars) last year, with a surplus of about 1.8 Billion hk dollars in favor of Hong Kong, according to statistics.

Hong Kong Governor David Wilson is going to pay a courtesy call to Mrs. Aquino tomorrow morning at the Regent Hotel where she stays.

In addition, President Aquino will attend mass at St. Margaret's Church in Happy Valley on Sunday where hundreds of Filipinos, mostly household maids, are expected to gather to get a glimpse of her.

It is also reported that a Hong Kong-Manila hotline has been set up to keep the president in constant touch with other leaders at home.

**Aquino on U.S. Bases, Taiwan, Spratlys, Others**

HK160924 Hong Kong AFP in English 0909 GMT  
16 Apr 88

[By Francois Chatel]

[Text] Beijing, April 16 (AFP)—Philippine President Corazon Aquino ended her three-day state visit to China on Saturday with relations between the two countries appearing to be better than ever, observers here said.

Mrs. Aquino, making her first overseas trip since November 1986 despite fears of a coup attempt at home, left the Chinese capital by air for Hong Kong, where she was to spend the night before returning to Manila.

While in Beijing she heard Chinese leaders express their support for her two-year government, and she reciprocated by affirming that the Philippines recognized only one China—that of the People's Republic.

Such friendly statements were not unexpected. But analysts said the fact that they were made enabled Mrs. Aquino and her hosts to clear up some lingering misunderstandings and consolidate Sino-Philippine relations.

During her stay the president was hailed for the way she has been managing her volatile country, not least by senior Chinese leader Deng Xiaoping who met her Saturday before her departure.

"Since your ascension to the presidency, we know you have been faced with some very difficult situations. But the turbulent situation in the Philippines is now developing into a relatively stable situation," Mr. Deng said.

"I am confident that you will achieve complete success. We hope to see a stable and prosperous Philippines," he said.

China has lent no support to Mao-inspired insurgents in the Philippines for years, and analysts said Mr. Deng's kind words to Mrs. Aquino—like those made Friday by Premier Li Peng—could help Manila diversify its diplomatic relations, long closely tied to the United States.

For her part, Mrs. Aquino chose a state banquet Friday at the Great Hall of the People to eliminate any doubts that the Philippines considers the communist government in Beijing as the sole legal ruler of all China.

China was piqued last year when top Philippine officials visited Taiwan and a presidential press release referred to a business delegation from the island as having come from the Republic of China.

Taiwan's Kuomintang (Nationalist) government maintains it is the sole legitimate ruler of China, despite losing control of the mainland to the Chinese Communist Party in 1949 after a civil war.

At a news conference Saturday, Mrs. Aquino—well aware that Taiwan is the Philippines' biggest source of Asian investment after Japan—said "trade will be respected" with the island.

She said the future of U.S. naval and air bases in the Philippines—now under discussion with Washington—had not come up in her talks with Chinese leaders. China is widely believed to discreetly favor a renewal of the base leases as a counterbalance to Soviet installations in Vietnam.

On the disputed Spratly Islands in the South China Sea, Mrs. Aquino said she had agreed with Mr. Deng to "shelve this problem" for the time being. The islands, scene of a clash last month between Chinese and Vietnamese warships, are also claimed in whole or in part by Malaysia, the Philippines and Taiwan.



Two bilateral agreements were signed here Saturday—a protocol on the import and export of commodities this year and a memorandum of understanding on trade—both aimed at increasing trade volume in the next five years.

China's trade surplus with the Philippines was 300 million dollars in 1987 and is expected to reach as high as 450 million dollars this year.

Mrs. Aquino's trip, her fourth since coming to power, began Thursday with a sentimental visit to her ancestral village of Hongjian, in eastern Fujian Province. Her great-grandfather emigrated from there 127 years ago.

#### **Philippine Press Hails Visit**

OW171004 Beijing XINHUA in English 0656 GMT  
17 Apr 88

[Text] Manila, April 17 (XINHUA)—Manila newspapers today carried editorials, commentaries and articles hailing the just-concluded state visit to China of President Corazon Aquino as a successful trip.

The paper "MANILA STANDARD" said in its editorial, "We join the nation in warmly welcoming back President Corazon Aquino from what cannot but be described as a successful state visit to China."

The trip to China "has notched milestones in people-to-people friendship, and in promoting better and closer economic and cultural relations," the paper stressed.

The paper pointed out that Philippine-Chinese relations date back to antiquity. The president's visit "seems to have been invaluable in ensuring that the ties are strengthened and further maintained through time," it said.

The "COMMERCIAL NEWS" said in a front-page commentary that the three-day visit of President Aquino was a complete success. Her objectives of seeing her roots in China, establishing good-neighborly relations and expanding trade with it have achieved more than expected.

The successful visit will surely further consolidate the traditional friendship between the Philippine and Chinese peoples and demonstrate once more that Filipinos and Chinese are both friends and kinsmen, the paper said.

The paper "WORLD NEWS" pointed out in a signed article that the full support the president got from Chinese leader Deng Xiaoping during their meeting "will certainly produce a positive impact on the political situation in the Philippines."

The president will return here later today after a visit to China from April 14 to 16. She made a stopover visit to Hong Kong on her way home.

#### **Aquino Comments After Trip**

OW171521 Beijing XINHUA in English 1426 GMT  
17 Apr 88

[Text] Manila, April 17 (XINHUA)—Philippine President Corazon Aquino arrived home this afternoon after a three-day visit to China.

In a statement made upon her arrival at the Villamor Air Base here, the president said that "a deeper understanding has been achieved between the leaders of China and the Philippines" as a result of the visit.

With this deep understanding, she said, there should be more meaningful cooperation between China and the Philippines.

"Deng Xiaoping expressed the support of the Chinese Communist Party for our government and our aim to achieve economic progress," President Aquino said.

She said that "I was heartened to know that we share the same conviction that peace within our respective countries and harmony with our neighbors are essential conditions for the economic development and material uplift for our people."

She noted that China and the Philippines have signed an agreement and a protocol to increase trade this year from 290 million U.S. dollars to 450 million and over five years from 600 million to 800 million.

Mrs Aquino also said that China has promised to help achieve balance of trade with the Philippines. China donated three million U.S. dollars worth of rice to help the Philippines make up the fall in rice production as a result of the drought, she said.

President Aquino was welcomed by ranking Philippine Government officials and members of the diplomatic corps in ceremonies at the Villamor Air Base.

Senate President Jovito Salonga told XINHUA that President Aquino has succeeded in bringing the Philippines and China closer together after her visit to China.

He said that Mrs Aquino achieved "more than what we expected" from her visit to China, considering the limited time of the trip.

"She got an assurance from the Chinese Government that it would not interfere in the Philippine affairs," Salonga said, "I think that was very good."

House of Representatives Speaker Ramon Mitra said that the president's visit to China was "excellent".

When asked whether President Aquino has achieved all her objectives she set for the visit, Mitra replied, "I think so."

Defense Secretary Fidel Ramos also said that President Aquino's trip to China "was a complete success."

**'Round-up Report' Views Visit**

*HK181325 Beijing International Service  
in Tagalog 1130 GMT 17 Apr 88*

["Roundup report" by unidentified correspondent: "An Important Event in Sino-Philippine Relations"]

[Text] President Corazon Aquino of the Philippines successfully concluded her 3-day state visit to China yesterday. In a press forum held before her departure, she told newsmen that her visit has enabled the Filipino nation to understand the Chinese people better. This was very important, she said, adding that she will always remember this memorable visit.

This was President Aquino's first visit to China since she assumed the Philippine presidency last February, 1986. And her visit coincided with the conclusion of the first session of the Seventh National People's Congress of China. Hence, the visit was of great significance to the two countries.

During her 3-day visit, President Aquino met with Chinese leaders Yang Shangkun, Li Xiannian, Zhao Ziyang, and Deng Xiaoping. She also had cordial and friendly talks with the newly elected Chinese Premier Li Peng.

Leaders of the two countries maintained that the Philippines and China enjoyed longstanding friendly relations and that maintenance and development of such strong and enduring friendship would not only benefit the two sides but would also be in the interests of regional stability and peace.

In his speech at the banquet in honor of Mrs Aquino, President Yang Shangkun stated that China's policy of promoting strong and enduring ties with its neighbor, the Philippines, based on the five principles of peaceful coexistence, will not change.

Later, in her talks with Premier Li Peng, President Aquino reaffirmed that the Philippine Government will always adhere to the policy that the government of the People's Republic of China is the sole legitimate government of China. She emphasized that the Philippine Government attaches great importance to the development of friendly relations and cooperation with the People's Republic of China. She added that her country is prepared to promote friendly relations and cooperation with China in a comprehensive manner based on the existing conditions.

In accordance with the spirit of mutual respect, friendly relations between China and the Philippines have improved significantly since President Aquino assumed power. Exchange visits between officials of the two countries have been frequent, while cooperation and

exchanges in the economic, trade, science and technology, culture, and theater fields have expanded enormously. Bilateral trade between the two countries reached \$300 million in 1987, the highest in recent years. A trade protocol on the import and export of commodities and a memorandum of understanding on trade were signed by representatives of the two countries in order to further develop trade.

Both Chinese and Philippine officials also share the same views on major international issues such as the Kampuchean issue. The two sides held that the key to a political solution of the Kampuchean issue is the withdrawal of Vietnamese troops from Kampuchea and letting the Cambodian people themselves resolve their internal problems so as to bring about an independent, peaceful, neutral, and nonaligned Cambodia in the future.

While Mrs Aquino's visit to China was short, her visit has enhanced the existing friendship between China and the Philippines and will advance relations between the two countries to a new chapter.

**Minister on Restoring Sino-Indonesian Relations**

*HK180740 Beijing RENMIN RIBAO in Chinese  
15 Apr 88 p 6*

[XINHUA report: "PRC Vice Foreign Minister Says Resumption of Chinese-Indonesian Relations Is Compatible With the Interests of the People of Both Countries"]

[Text] Jakarta, 13 April (XINHUA)—Vice Foreign Minister Liu Shuqing, head of the Chinese Delegation to the 44th Annual Conference of the Asia-Pacific Economic and Social Committee of the United Nations, today left Jakarta and returned home.

Before the conference, Liu Shuqing held talks with Indonesian Foreign Minister Ali Alatas on bilateral relations and regional issues, including the Cambodian issue.

According to informed sources, the two sides expressed satisfaction with the improvement of relations between the two countries and expressed hope to further develop bilateral relations.

Yesterday evening, Liu Shuqing was interviewed by the press in Indonesia, and he said that China hopes to normalize relations with Indonesia. He said that China holds that the restoration of Sino-Indonesian relations is in the interests of both peoples and is favorable to peace, friendship, and cooperation in this region.

As for the Cambodian issue, Liu Shuqing said that China respects the efforts made by the ASEAN for a just and reasonable political solution of this issue. He said: Like the ASEAN countries and the international community, China supports the Cambodian people's just struggle and

condemns aggression. He said: The settlement of the conflicts in Cambodia depends on the sincerity of Vietnam and the Soviet Union in settling this issue.

**Malay Beam Hails Trade Agreement With Malaysia**  
*BK171244 Beijing in Malay to Malaysia 1230 GMT  
16 Apr 88*

["Article": "There Are Hopes for Direct Trade Between Malaysia and China To Increase Greatly"]

[Text] With the signing of a Sino-Malaysian bilateral trade agreement, the two sides have accorded each other preferential treatment in trade duties. In addition, China is implementing major reforms in the foreign trade structure and is prepared to actively participate in the international economy. Thus, there are hopes for direct trade between the two countries, Malaysia and China, to increase greatly.

Zheng Tuobin, Chinese minister for foreign economic relations and trade, and Datin Paduka Rafidah Aziz, Malaysian minister of trade and industry, signed the trade agreement between the two countries early this month in Beijing. The main substance of the agreement is that the two signatories are to accord each other preferential treatment in trade duties. This means that the lowest duty rates will be applied to Malaysian goods exported to China. Accordingly, the competitiveness of Malaysian goods will increase.

On the other hand, Chinese goods exported to Malaysia will not be bound by an import permit imposed by the Malaysian Government on Chinese goods several years ago. After the Malaysian Government abolishes the import permit for Chinese goods, importers of Chinese goods, either exported directly to Malaysia from China or indirectly through third countries, no longer need to apply for an import permit and pay an industrial commission to the government.

Malaysia and China established diplomatic relations in 1974. However, the development of economic relations has been impeded by political reasons. Moreover, the export of Chinese goods to Malaysia has been further restricted and development of trade relations between the two countries, Malaysia and China, has been impeded since the Malaysian Government imposed the import permit requirement on Chinese goods in 1971. In 1979, Li Jiang, Chinese minister for foreign trade, visited Malaysia and started talks on trade issues with the Malaysian side. The talks have been going on for 8 consecutive years. It was not until Malaysian Prime Minister Mohamed Mahathir paid an official visit to China in 1985 that the two sides held the talks actively. Early this year, the Malaysian Government announced its intention of abolishing the import permit imposed on Chinese goods, paving the way for the two sides to sign a trade agreement.

The signing of the Sino-Malaysian bilateral trade agreement was the outcome of joint efforts by both governments over a long period. Trade relations between the two countries have developed steadily in recent years. China is the world's third largest consumer of natural rubber. Malaysia has been China's main natural rubber supplier for the past 10 years. China's exports to Malaysia have increased by 26 percent in recent years. The export volume amounted to U.S. \$225 million last year. Last year, the volume of Malaysia's exports to China totaled U.S. \$302 million, representing a 68 percent increase over 1986.

China has announced the establishment of Hainan Province and will implement a special preferential policy there. Hainan will become the largest special economic zone in China. Malaysian traders may have noticed opportunities that could be provided by the development of Hainan Island. China encourages Malaysian businessmen and industrialists to study Hainan, and invest there.

Even though Malaysia and China have signed the trade agreement and have accorded each other preferential treatment, trade relations still need to be further improved. We hope that the two sides will accord mutual facilities to each other's businessmen and enhance their understanding on market demands. Only then, will we enhance competitiveness and gain more trade opportunities as well as encourage the development of Sino-Malaysian trade and strengthen cooperation and relations between the two countries, Malaysia and China, to enable relations between the two countries to develop more steadily.

**Economic-Trade Delegation Arrives in Nepal**  
*OW161100 Beijing XINHUA in English 1036 GMT  
16 Apr 88*

[Text] Katmandu, April 16 (XINHUA)—A Chinese Government economic and trade delegation led by Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian arrived here today to attend the fourth session of the China-Nepal Inter-Governmental Economic and Trade Committee.

The committee was established in 1983 with the objective of promoting trade and expanding economic cooperation between the two countries. It holds meetings alternately in Beijing and Katmandu annually.

Upon his arrival at the airport, Lu Xuejian told newsmen that the current session of the joint committee will review the progress in the trade and economic cooperation and further explore possibilities of expanding new areas.



He said that trade and economic cooperation have been playing an important role in the relations between China and Nepal. The cooperation has been developing very satisfactorily and the trade volume and items are increasing steadily.

Since the first agreement of economic and technical cooperation signed in 1956 between the two countries, China has undertaken 37 assistant projects in Nepal such as highways, water conservation and irrigation projects, a paper factory and a sugar mill. To date, 26 projects have been completed with satisfactory quality.

The total volume of trade between the two countries in 1987 reached 21.3 million U.S. dollars.

#### **New Zealand Minister Praises Relations**

*OW151930 Beijing XINHUA in English 1456 GMT  
15 Apr 88*

[Text] Wellington, April 15 (XINHUA)—New Zealand Deputy Prime Minister Geoffrey Palmer told visiting Chinese Vice Foreign Minister Zhu Qizhen tonight that his country's relations with China is one of its most important links with the outside world.

Speaking at a dinner he hosted for the Chinese vice foreign minister in Christchurch, on the east coast of the South Island, Palmer said political relations between New Zealand and China are very good and they share fairly identical views on all issues, according to reliable sources from Christchurch.

Palmer said New Zealand-China relationship should be developed in a comprehensive way and from a long-term point of view. The evolvement of such a relationship, he said, would be beneficial as well to New Zealand's own development.

Zhu Qizhen arrived in New Zealand's capital city of Wellington on Sunday for consultations with New Zealand's Secretary of Foreign Affairs M. Norrish. He met with Foreign Affairs Minister Russell Marshall and opposition leader Jim Bolger before his departure for a tour of the South Island.

He is scheduled to leave Christchurch tomorrow for official visits to the South Pacific countries of Vanuatu and Papua New Guinea.

#### **PLA's Xu Hosts Thailand's Deputy Army Chief**

*OW160313 Beijing XINHUA in English 1635 GMT  
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—Xu Xin, deputy chief of general staff of the Chinese People's Liberation Army, hosted a dinner here this evening in honor of Gen. Wanchai Ruangtrakul, deputy army commander-in-chief of Thailand.

The visitors arrived here yesterday afternoon and are scheduled to tour Xian and Guilin apart from Beijing.

#### **Military Leaders Meet Thai General**

*OW162125 Beijing XINHUA in English 1552 GMT  
16 Apr 88*

[Text] Beijing, April 16 (XINHUA)—Qin Jiwei, the new defense minister, and Chi Haotian, chief of general staff of the Chinese People's Liberation Army (PLA), met General Wanchai Ruangtrakun, deputy Army commander-in-chief of Thailand, on separate occasions today.

Both sides expressed their satisfaction with the development of Sino-Thai relations, the increasing contacts between both armies and the effective cooperation between both countries in opposing Vietnamese expansion and aggression.

Qin said that complete withdrawal of the Vietnamese troops from Kampuchea at an early date is the prerequisite for a political settlement in Kampuchea.

Qin said that China supports the establishment of a four-party coalition government headed by Samdech Norodom Sihanouk. He said that China will continue to support the "just struggle of the Kampuchean people and Armed Forces against the Vietnamese aggression until Vietnam withdraws all its troops from Kampuchea.

Gen Wanchai Ruangtrakun and his party arrived in Beijing on Thursday as guests of the general staff of the PLA. The visitors are also due to tour Xian and Guilin.

#### **SRV Fails To Report on Soviet Troop Withdrawal**

*BK170616 Beijing International Service  
in Vietnamese 1400 GMT 16 Apr 88*

[Text] In the past 2 days, the Vietnamese press has still failed to publicize any news on the fact that Soviet troops will be totally withdrawn from Afghanistan within 9 months beginning 15 May this year. On 16 April, the Vietnamese papers NHAN DAN and QUAN DOI NHAN DAN only ran a cursory report on the four agreements in connection with the Afghanistan issue signed in Geneva on 14 April. They did not say a single word about the specific contents of these documents, however, including the provision on the Soviet pullout from Afghanistan.

Observers have noted that to date, the Vietnamese Foreign Ministry has still not yet made known its official stand on the latest development in the process of seeking a political solution to the Afghanistan issue.

**Li Peng Chairs State Council Meeting 18 Apr**  
*OW181408 Beijing XINHUA Domestic Service*  
*in Chinese 1215 GMT 18 Apr 88*

[Text] Beijing, 18 Apr (XINHUA)—Premier Li Peng presided over the first State Council plenary meeting of the new administration this afternoon. At the meeting, he announced the State Council's work regulations and the division of responsibilities among the premier, vice premiers, and state councillors and issued instructions on some current work.

State Councillor and Secretary General Chen Junsheng read the State Council's work regulations. The regulations deal with the functions and powers of the State Council, the responsibilities of the premier, vice premiers, and state councillors, the conference system, the system of document examination and approval, and the system of consultation and dialogue. In accordance with the relevant provisions of the PRC Constitution, the Organic Law of the State Council, and the work requirements of the State Council, the regulations stipulate that the State Council shall practice the system of the premier assuming full responsibility with the assistance of the vice premiers and state councillors. The premier, vice premiers, and state councillors shall seriously implement the party's line, principles, and policies, accept inspection and supervision by the National People's Congress and its Standing Committee, and give full play to the role of all State Council departments and local governments at all levels. They shall pay attention to investigation and study, do everything according to the objective law while taking reality into consideration, maintain close contact with the masses, listen to the opinion of the masses, and carry forward the fine tradition of serving the people. They shall strive to raise working efficiency, improve the work style of government organs, and overcome bureaucracy in government work. The State Council practices the system of holding plenary meetings, executive meetings, and business meetings. Important questions concerning the work of the State Council must be discussed and decided on by executive or plenary meetings of the State Council.

Premier Li Peng announced the division of responsibilities among the premier, vice premiers, and state councillors. Premier Li Peng leads the work of the State Council.

Vice Premier Yao Yilin takes charge of day-to-day work and assists in managing financial and economic work. Vice Premier Tian Jiyun assists in managing agricultural, commercial, and trade work. Vice Premier Wu Xueqian assists in managing foreign affairs. State Councillor Li Tieying assists in managing cultural and educational work. State Councillor Qin Jiwei serves concurrently as minister of national defense. State Councillor Wang Bingqian serves concurrently as minister of finance. State Councillor Song Jian assists in managing scientific and technological work. State Councillor Wang Fang assists in managing the public security, procuratorial,

and judicial work. State Councillor Zou Jiahua assists in managing industrial and communications work. State Councillor Li Guixian serves concurrently as governor of the People's Bank. State Councillor Chen Xitong assists in coordinating working relations between central state organs and Beijing Municipality and takes charge of the capital's planning and construction. State Councillor Chen Junsheng assists in handling the day-to-day work of the State Council.

The State Council's work regulations and the division of responsibilities among the premier, vice premiers, and state councillors were discussed and approved by the first State Council executive meeting of the new administration on 14 April. The executive meeting was presided over by Premier Li Peng.

Li Peng spoke at the meeting [date of meeting, 14 or 18 April, not identified]. Li Peng said: The new administration should let reform play a dominant role in all work and promote construction and work in all fields. The new administration should inherit and carry forward our fine traditions and work style. At the same time, it should have a new work style with the following three main aspects:

First, administrative affairs shall be handled in an honest manner. Beginning with personnel of the State Council and all its ministries and commissions, we must set strict requirements for ourselves and set an example for people throughout the country. We must now firmly control the construction of buildings, halls, galleries, and centers, and firmly stop the practice of throwing dinner parties, beginning with correcting what has drawn the strongest complaints among the masses.

Second, we must heighten our sense of organization and discipline. We welcome everybody to express his or her views on the work of the State Council and make suggestions, and we all must firmly implement the decisions made by the State Council. We must firmly correct the bad habit of ignoring orders and prohibitions.

Third, we must combat bureaucratism and improve our efficiency. We should clearly state what can be done and what cannot. The biggest problem of lower-level departments lies in the fact that they delay doing what ought to be done and do not provide a clear answer to what cannot be done. While the new government must improve its efficiency, higher efficiency does not mean that it will comply with all requests. It must operate according to principles.

Putting forward some requirements for certain major projects, Li Peng said: The recent NPC and CPPCC sessions, which were held in a highly democratic atmosphere, have put forward many good ideas on government work and the State Council must approach them earnestly. As for institutional restructuring, the departments under the State Council must pay special attention to the key issue, namely, that of changing their functions,

and do a good job in determining functions, organs, and their staff. We should work on this project as quickly as possible in accordance with the plan approved by the NPC, and do a good job in preventing dislocations that may appear while we replace old organs with new ones. We must pay special attention to agricultural production and do a good job in ensuring the supply of materials and equipment it needs. As for commodity prices, all localities must follow the requirements prescribed in the government work report and draw up specific measures according to actual conditions. We must begin to improve the traffic order, and produce an improvement plan on the basis of investigation and study of traffic problems. The State Council will hold a special meeting to study this issue.

In conclusion, Li Peng said: Under comrade Zhao Ziyang's leadership, the previous government achieved remarkable successes. Now some vice premiers and state councillors have been given new jobs; we give them our respect and hope they will continue to show concern for and support the work of the State Council. All new ministers and ministers in charge are also present at today's meeting. We must work hard together so that the new government will have a new spirit and better working efficiency which live up to the people's expectations.

Yao Yilin, Tian Jiyun, Wu Xueqian, Qiao Shi, and Kang Shien also took the floor.

Present at today's meeting were vice premiers, state councillors, and ministers of all ministries and commissions.

Qiao Shi, vice premier of the previous government; Fang Yi, Gu Mu, Kang Shien, Chen Muhua, Ji Pengfei, and Song Ping, state councillors of the previous government; and Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee, were also present at the meeting.

Leading members of offices of the State Council and organs directly affiliated to the State Council were present as observers.

**Deputies Praise News Coverage at NPC Session**  
*HK160231 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1429 GMT 14 Apr 88*

[Report by Xie Yun [6064 7301]: "NPC Deputies Think That News Coverage of the NPC Session This Time Is Better Than Before"]

[Text] Beijing 14 Apr (ZHONGGUO XINWEN SHE)—"NPC deputies dare to air their views, while reporters dare to express them through the media." That was how Beijing citizens described the degree of availability of information in the news coverage of the current NPC meeting. Then how did the NPC deputies assess the news coverage of the meeting?

The reporter interviewed 10 NPC deputies, and conducted a "poll among NPC deputies on the news coverage of the NPC and CPPCC sessions when the session was about to close.

Six deputies believed that the news coverage of the current session had been "far better" than all sessions in the past; three of them believed that "it is somewhat better than before," and only one of them admitted that he had not been paying much attention to the press.

According to Sichuan deputy to the NPC, Vice Governor Kang Zenghuang, the news coverage of the current NPC and CPPCC meetings has truthfully reflected the opinions of the NPC deputies and CPPCC members. Such truthful reflection has not only played the role of stimulating opening up and strengthening the sense of democracy, but also increased the degree of availability of information of the two meetings, so that the people may find themselves closer to them. One deputy said, the news coverage of the two sessions was prompt. Some speeches of the deputies, including that of NPC Deputy Huang Shunxing, who touched on some rather sensitive issues, had been relayed live on-site.

"How would you assess the media's coverage of criticism during the two sessions?" Seven out of the ten deputies interviewed believed that the news coverage in this category had not been overdone, one of them believed that such news coverage was far from enough, and failed to fully reflect the deputies' criticism. Another deputy believed that the news coverage in this category had been somewhat lop-sided. A deputy from Shanghai said, most of the criticism of the deputies focused on the price problem, rotten party style and bureaucratism, and problems in education, which had all been carried in the press. The deputies were pleased that some of their sharp criticism could still find expression in the press.

News coverage had been unprecedentedly active during the two meetings. It is learned that in Beijing, all newspapers were sold out hot from the press everyday. Each news unit had its own characteristics, especially "JINGJI RIBAO" ["ECONOMICS DAILY,"] which was unique in opening a "Special Line for the Masses" column, which carried the opinions of the masses on some issues discussed during the two meetings. This made the direct communication between the two meetings and the masses possible.

Seven out of the ten deputies interviewed believed that the news coverage of the two meetings had arrived at a new plane.

When asked what they expected of the news circles, they all believed that the journalist reform under way in China should develop in a more opening-up and democratic direction, to promptly and fully reflect public opinion to a still larger degree with greater availability of information. They expressed the hope that the media



would break the old habit of unanimity in public opinion, with all newspapers resembling each other, so that public opinion press might better give play to their supervising role.

**Commentary Lauds Role of NPC Deputies**  
*OW170017 Beijing XINHUA Domestic Service  
in Chinese 0812 GMT 15 Apr 88*

[Text] Beijing, 15 Apr (XINHUA)—News commentary by reporter Tang Xiaoke: NPC Proposals and NPC Deputies

After the Seventh NPC deputies returned home from Beijing, the people in their home towns usually ask them: "How did you perform the deputy's duty there?"

Still circulating among some people is a sarcastic remark: "The party committee has power, the government has money, NPC deputies vote and CPPCC members speak." As the times and democracy are progressing gradually at the same time, "voting" is no longer the only thing done by the people's deputies. An analysis of the 488 proposals received by the recent NPC session will indirectly answer the question "how the deputies performed their duty" there.

Simple figures contain abundant materials: Of all the NPC sessions, the recent one received the most proposals. On an average, each deputy took part in drafting 6.4 proposals. Of the proposals, 440 were joint proposals, each being signed by more than 30 deputies. The proposals were put forward after a great deal of investigation, study and serious thinking before the NPC session and repeated consultations during the session.

The 488 proposals were made with a lofty sense of mission created out of honor and duty.

The proposals deal with almost everything, including political affairs, economy, legal system, culture, education, public health, and sports. There are proposals on revision of the PRC Constitution, and there are also proposals advocating "mercy killing." What the deputies had in mind were things concerning the destiny of the country and the well-being of every family. During the recent open NPC session, the word "say all you know and say it without reserve" was no longer a mere empty slogan or a call just for going through the motion.

A careful study of all the proposals shows that none of them lacks constructive opinions. While questions concerning commodity prices, public order, and the standards of social conduct were discussed the most by the deputies, there are proposals on how to solve those questions. Some proposals were presented out of complaints, but they were also a crystallization of the deputies' wisdom and thinking.

This is precisely the concrete way to "participate in political affairs and political discussion."

Reading the 488 proposals, we find that none of them is vague or impractical. It seems that every page of them has the two words—realistic approach.

This reporter has found that very few of the proposals deal with the hot topic of commodity prices. Of the 127 proposals for legislation, only one calls for a commodity price legislation. It is also the only one directly dealing with the commodity price question.

This is a thought-provoking phenomenon. Coming from among the masses, the deputies brought to the session a lot of complaints about rising prices. Nevertheless, after an intense debate, they gradually understood the complexity of the price problem and the arduous and protracted nature of reform caused by a long and unreasonable pricing mechanism. Most of them have accepted a viewpoint that it is unrealistic to rely on administrative means to keep the price of "everything" low and such a practice won't help the reform. They made "no proposal in this regard for the time being" because there is "no good way to solve the problem at the moment," or at least we still cannot think of any measures which are more effective than the measures proposed in the government work report. However, the deputies will not give up efforts to study and explore after the NPC session. This may be regarded as one of the aspects of realistic approach.

Generally speaking, more proposals are for solving the problems of certain localities or professions or for the well-being of certain localities or certain departments; and fewer proposals make constructive suggestions on major policies of the country in the interest of the whole. This shortcoming shows that the deputies should further widen their vision and contacts and the system of inspection by the NPC deputies should be improved. Many deputies have realized this point and made relevant suggestions during the session.

To our knowledge, of the 488 proposals, 94 have been turned over to the NPC special committees concerned for deliberation and 394 have been assigned to the government departments concerned for study and handling. According to regulations, the deputies must be informed of the results of the deliberation and handling prior to next NPC session. Will the handling of some proposals be withheld again from the deputies who initiated them, as has happened before? This will put our democratic system and the working efficiency of some departments to a test.

**Deadline Set for Handling NPC, CPPCC Motions**  
*OW151935 Beijing XINHUA in English 1452 GMT  
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—The State Council has ordered a deadline for the handling of the motions and proposals from the NPC and CPPCC sessions, which ended April 13 and 10, respectively.



Work in this respect must be finished before September 30, except for such isolated cases as those involving too many complications, said Wang Shuming, deputy secretary general of the State Council.

Even complicated cases have to be dealt with before the end of this year, and prior to that, answers must be given no later than September 30, Wang told a meeting of directors of general offices of ministries and state commissions.

NPC deputies and CPPCC National Committee members put forward a total of 4,217 proposals and 1,890 motions.

In dealing with demands beyond the reach of the government to satisfy at the moment, there should be explanations instead of empty promises, Wang said.

**Li Xiannian Chairs CPPCC Committee Meeting**  
*OW151557 Beijing XINHUA Domestic Service*  
*in Chinese 1309 GMT 13 Apr 88*

[By reporter Zheng Qingdong]

[Excerpts] Beijing, 13 Apr (XINHUA)—This afternoon in the CPPCC Auditorium, Li Xiannian, chairman of the CPPCC National Committee, chaired a meeting of CPPCC Committee chairmen at the provincial, autonomous regional, and municipality levels.

Addressing scores of local CPPCC Committee chairmen at the meeting, Li Xiannian said: The CPPCC National Committee guides, instead of leads, local CPPCC committees toward the goal of fulfilling the role of the CPPCC and assisting governments to get their job done right. I hope that you comrades from local CPPCC committees will air your opinions without reservation to help us improve our work.

Li Xiannian said: Chairman Mao said years ago that no one should ever make any statement without first doing some investigation and research. The remark was well put. It is irresponsible to make any assertion in the absence of an understanding of the situation. CPPCC committees must strengthen investigation and research work. Only in this way can we adequately perform "political consultation and democratic supervision." We can participate in and comment on political affairs only by way of investigation and research.

Without any inhibitions, local CPPCC committee chairmen attending the meeting aired their opinions and suggestions regarding CPPCC work. [passage omitted]

CPPCC National Committee Vice Chairmen Wang Renzhong, Yan Mingfu, Fang Yi, Yang Jingren, Kang Keqing, Hu Ziang, Qian Changzhao, Zhou Peiyuan, Zhao Puchu, Qu Wu, Ma Wenrui, Liu Jingji, Wang Enmao, Sun Xiaocun, Cheng Siyuan, Qian Zhengying, and Ismail Amat were present at the meeting.

**Analysis of CPPCC National Committee Leaders**  
*OW151723 Beijing XINHUA Domestic Service*  
*in Chinese 0737 GMT 10 Apr 88*

[Text] Beijing, 10 Apr (XINHUA)—The leaders of the Seventh CPPCC National Committee were elected at the Great Hall of the People this morning. Responsible persons from the parties concerned held that the nomenclature reflects multiparty cooperation and the great unity of all nationalities in the country under the leadership of the Communist Party of China, and that the leaders will help to greatly promote peaceful reunification of the motherland, the pushing forward of reforms, opening up to the outside world, the building of two civilizations, and the consolidation and expansion of patriotism and united front work.

During the CPPCC National Committee election this morning, Li Xiannian was elected chairman of the Seventh CPPCC National Committee. Wang Renzhong and 28 others were elected vice chairmen. Zhou Shaozheng was elected secretary general. Ding Zhenyu and 280 others were elected members of the Standing Committee.

It has been noted that among the 28 vice chairmen, 17 of them were reelected. They are Yang Jingren, Kang Keqing, Pagbalha Geleg Namgyai, Wu Ziang, Qian Changzhao, Zhou Peiyuan, Miao Yuntai, Wang Guangying, Deng Zhaoxiang, Zhao Puchu, Qu Wu, Ba Jin, Ma Wenrui, Liu Jingji, Wang Enmao, Qian Xuesen and Qian Weichang. The 11 newly elected vice chairmen are Wang Renzhong, vice chairman of the Sixth NPC Standing Committee; Yan Mingfu, member of the CPC Central Committee Secretariat and head of the United Front Work Department of the CPC Central Committee; State Councillors Fang Yi and Gu Mu; Hu Sheng, president of the Academy of Social Sciences of China; Sun Xiaocun, vice chairman of the China Democratic National Construction Association; Cheng Siyuan, a renowned public figure without party affiliation; Lu Jiaxi, vice chairman of the Central Committee of the Chinese Peasants and Workers' Party; Qian Zhengying, minister of water resources and electric power; Su Buqing, chairman of the Central Advisory Commission of the China Democratic League; and Ismail Amat, minister of the State Nationalities Affairs Commission. Of the 28 vice chairmen of the Seventh CPPCC National Committee, 13 are CPC members, while 15 of them are patriotic figures from democratic parties, the All-China Federation of Industry and Commerce, or without party affiliation. Among them are renowned figures from minority ethnic and women's groups.

Among the 310 members who make up the Standing Committee, 109 are CPC members, comprising 35 percent; 201 are patriotic figures from democratic parties, the All-China Federation of Industry and Commerce or without party affiliation, comprising 65 percent; 46 are from minority ethnic groups, comprising 15 percent; and 30 of them are women, comprising 10 percent.

A galaxy of talent, a rational and balanced composition, these are the outstanding characteristics of the Standing Committee of the Seventh CPPCC National Committee. Representative figures of the intelligentsia from all quarters make up the majority. Among them are renowned scientists from social and natural sciences; responsible persons from various parties and departments; celebrities from all spectrums of society; compatriots from Taiwan, Hong Kong and Macao; and Chinese nationals of foreign descent. A group of public figures who have made outstanding contributions during reforms and opening up to the outside world has also been elected members of the Standing Committee of the CPPCC National Committee.

Among members of the Standing Committee of the Seventh CPPCC National Committee, the oldest are 95-year-old Sun Yueqi and Liang Shuming, respectively vice chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang and a patriotic figure without party affiliation. The youngest is 36 year old Nie Weiping, chief coach of the National Weiqi Team.

Responsible persons from the parties concerned held that the CPPCC has a preponderance of great intelligence. The CPPCC Standing Committee is comprised of experts, scholars, and specialists who have made enormous contributions to China's socialism. After joining the CPPCC Standing Committee, they will be able to further exercise their talent and wisdom to make new contributions to the great cause of four modernizations and reunification of the motherland.

#### Biographical Notes on CPPCC Vice Chairman

##### Vice Chairman Wang Guangying

OW160020 Beijing XINHUA in English 0427 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—Wang Guangying, vice president of the All-China Federation of Industry and Commerce (ACFIC), was elected today vice chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Wang, of Han nationality, was born in 1919 in Beijing. He graduated from Furen University in 1942 and worked as the manager of a chemical plant in Tianjin from 1943 to 1949.

After 1949, Wang served as director of a knitwear mill and company in Tianjin, general manager of the Tianjin International Trust and Investment Corporation, vice mayor of Tianjin, vice chairman of the Hebei Provincial Federation of Industry and Commerce, and chairman of the Tianjin Municipal Federation of Industry and Commerce.

Since 1983, he has been working as vice chairman of the Central Committee of the China Democratic National Construction Association, vice chairman of the All-China Federation of Industry and Commerce, chairman and general manager of the Everbright Industrial Co. and China Everbright Group Co Ltd.

Wang was deputy to the First, Second, and Third National People's Congresses, member of the Fifth CPPCC National Committee and vice chairman of the Sixth CPPCC National Committee.

##### Vice Chairman Miao Yuntai

OW152358 Beijing XINHUA in English 0423 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—Miao Yuntai, vice chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was reelected vice chairman of the Seventh CPPCC National Committee here today.

Miao, of Han nationality, was born in February 1894 in Kunming, Yunnan Province. He was a graduate of the University of Minnesota in the United States and is director of the China International Trust and Investment Corporation (Group).

After 1920, he served as manager of the Gejiu Tin Mining Corporation in Yunnan Province, member of the Yunnan Provincial Government and director of the Department of Agriculture and Mining.

During the War of Resistance Against Japan, he served as member of the People's Political Council and director of the Yunnan Provincial Economic Commission. In 1947, he became a member of the Kuomintang's Executive Yuan and chairman of the Executive Yuan's Commission for American Relief Supplies. He went to Hong Kong in 1949 and then to the United States. He came back to settle down on the Chinese mainland in June 1979.

He served as a member of the Standing Committee of the Fifth National People's Congress and member of the Standing Committee of the Fifth CPPCC National Committee.

##### Vice Chairman Zhou Peiyuan

OW152346 Beijing XINHUA in English 0419 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—Zhou Peiyuan, chairman of the Central Committee of the Jiusan Society, was reelected vice chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Zhou, of Han nationality, was born in March 1902 in Yixing County, Jiangsu Province. He received a doctor's degree from the California Institute of Technology in 1928.

After 1929, he was a professor in Qinghua University and in the Southwest Associated University. He did research work in the United States after 1943 and in 1947 was a professor in Qinghua University.

After 1952, he served as a professor, vice president, and president of the Beijing University, vice president of the Chinese Academy of Sciences, vice chairman, acting chairman, chairman, and honorary chairman of the China Association for Science and Technology, vice president of the Chinese People's Institute of Foreign Affairs, vice chairman of the Central Committee of the Jiusan Society and president of the Association of the Chinese People for Peace and Disarmament.

He was a member of the First through the Fourth National People's Congresses, a member of the Standing Committees of the Third and Fourth CPPCC National Committees, and vice chairman of the Fifth and Sixth CPPCC National Committees.

**Vice Chairwoman Kang Keqing**

OW152328 Beijing XINHUA in English 0403 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—Kang Keqing, widow of the late Marshal Zhu De and vice chairwoman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC), was elected again vice chairwoman of the Seventh CPPCC National Committee here today.

Born in September 1911 and a native of Wanan County, Jiangxi Province, she is also president of the All-China Women's Federation.

Between 1925 and 1928, she engaged in movements for women's and peasants' liberation in her hometown. She joined the Communist Party of China (CPC) in 1931.

After 1928, she went to the Jinggang Mountains to join the guerrillas in Wanan Country and the Red Army to devote herself to political and women's work. She participated in the famous Red Army's Long March between October 1934 and October 1935.

After the founding of the People's Republic of China in 1949, she served successively as vice president of the All-China Women's Federation, vice chairwoman and later chairwoman of the Chinese People's National Committee in Defence of Children, president of the All-China Women's Federation, vice chairman of the National Committee of the CPPCC and chairwoman of the Soong Ching Ling Foundation.

She was member of the 11th and 12th party Central Committees, deputy to the 1st, 2d, 3d, and 6th National People's Congresses, member of the Standing Committees of the 4th and 5th NPC, member of the 2d and 3d

National Committees of the CPPCC, member of the Standing Committee of the 4th CPPCC National Committee, and vice chairwoman of the 5th and 6th CPPCC National Committees.

**Vice Chairman Deng Zhaoxiang**

OW161139 Beijing XINHUA in English 0431 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—Deng Zhaoxiang, former Kuomintang Navy captain who led the insurrection of the cruiser "Chungking" in 1949, was reelected today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Born in Gaoyao County of Guangdong Province in April 1903, Deng, of Han nationality, studied at the Greenwich Royal Naval College and at torpedo, navigation, signal and gunnery schools in Britain from 1929 to 1934.

Later, he served in the Kuomintang Navy as lieutenant commander of a battalion, staff officer with the rank of commander and skipper of the cruiser "Chungking" with the rank of captain.

Following the 1949 insurrection off Shanghai, Deng became captain of the "Chungking" under the Navy of the People's Liberation Army, commandant of the Andong Naval School and of a speedboat school, member of the National Defence Council, deputy commander of the Qingdao Naval Base, of the Beihai Fleet, and of the PLA Navy.

Deng was a deputy to the First through the Fourth National People's Congresses, member of the Fifth NPC Standing Committee, member of the CPPCC First National Committee and vice-chairman of the CPPCC Sixth National Committee.

**Vice Chairman Zhao Puchu**

OW161149 Beijing XINHUA in English 0434 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA)—China's Buddhist leader Zhao Puchu was reelected vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Zhao, president of the Buddhist Association of China, is also vice-chairman of the Central Committee of the China Association for Promoting Democracy.

Born in 1907 in Taihu County, Anhui Province, he engaged, in his early years, in Buddhist activities and social relief work. After 1936, he joined in activities to resist Japan and save the nation. During the War of Resistance Against Japan (1937-1945), he was in charge of refugee work in the Shanghai war zone and mobilized large numbers of young people to join the anti-Japanese war.



In 1939, he took part in the movement for constitutionalism. In 1945, he helped found the China Association for Promoting Democracy.

After the founding of New China in 1949, he served as deputy head of the Civil Affairs Department and vice-chairman of the Commission for Famine Relief Through Production under the east China military and administrative committee, council member of the Union of Chinese Writers, vice-president of the China Japan Friendship Association as well as council member and vice-chairman of the Central Committee of the China Association for Promoting Democracy.

He was elected deputy to the First through Fifth National People's Congresses, member of the First through the Third CPPCC National Committees, member of the Standing Committees of the Fourth and Fifth CPPCC National Committees and vice-chairman of the Sixth CPPCC National Committee.

**Vice Chairman Qu Wu**

OW161159 Beijing XINHUA in English 0439 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Qu Wu, vice-chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference (CPPCC) and honorary chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, was reelected vice-chairman of the CPPCC Seventh National Committee here today.

Born in July 1898, Qu, a native of Weinan County, Shaanxi Province, graduated from Beijing University, the Sun Yat-sen University of Moscow and the Army Academy in the Soviet Union.

In 1919, he took part in the famous May 4th Movement influenced by the October Revolution and led by intellectuals against imperialism and feudalism.

He was member of the second Central Executive Committee of Kuomintang during the first round of Kuomintang-CPC cooperation. He went to the Soviet Union to study in 1926 and returned to China shortly after the outbreak of the War of Resistance Against Japan (1937-45).

He served as head of the Division for Advisors' Affairs in the Kuomintang Military Council, instructor at the Kuomintang Army Academy, member of the Legislative Yuan, secretary-general of the Sino-Soviet Cultural Association, member of the Shaanxi provincial government and mayor of the city of Dihua (now Urumqi), Xinjiang Province and concurrently member of the Xinjiang provincial government.

In 1949, he became advisor to the Kuomintang delegation for peace negotiations with the CPC. In September of the same year, he took part in an anti-Kuomintang revolt in Xinjiang.

After the founding of the People's Republic of China in 1949, he served as mayor of Dihua, deputy secretary-general of the Government Administration Council, vice-chairman of the Commission for Cultural Relations with Foreign Countries, deputy secretary-general of the Standing Committee of the NPC, honorary advisor of the Sun Yat-sen Society, president of the Sino-Soviet Friendship Association, and vice-chairman and later chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang.

He was deputy to the First, Second and Fifth National People's Congresses and member of the Standing Committee of the Third, Fourth and Fifth CPPCC National Committees.

**Vice Chairman Qian Xuesen**

OW161235 Beijing XINHUA in English 0504 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Qian Xuesen, president of the China Association for Science and Technology, was reelected vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) here today.

Qian, of Han nationality, was born in October 1911 in Hangzhou, Zhejiang Province. He received a doctor's degree in the California Institute of Technology in 1939 and joined the Communist Party of China in 1958.

He worked in many teaching and research posts in the United States before he came back to China in 1955.

From 1955 to 1987, he served successively as director of the Institute of Mechanics under the Chinese Academy of Sciences, director of the No 5 Research Institute under the Ministry of National Defence, vice-minister of the seventh Ministry of Machine-Building Industry, vice-minister of the State Commission of Science and Technology for National Defense, deputy director of the Science and Technology Committee under the State Commission of Science, Technology and Industry for National Defense and vice-president of the second committee of the China Association for Science and Technology.

He helped organize China's research on and experiment in making carrier rockets, missiles and satellites.

He was an alternate member of the 9th through the 12th party Central Committees and a deputy to the Second through the Fifth National People's Congresses.

**Vice Chairman Hu Sheng**

OW161245 Beijing XINHUA in English 0512 GMT  
10 Apr 88

[Text] Beijing, April 10 (XINHUA) — Hu Sheng, president of the Chinese Academy of Social Sciences and director of the Party History Research Center of the

Central Committee of the Chinese Communist Party, was elected today vice-chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC).

Born in January 1918 in Suzhou, Jiangsu Province, he joined the Communist Party of China (CPC) in 1938. From 1934 to 1935, he studied in the philosophy department of Beijing University and later engaged in the revolutionary work in cultural circles in Shanghai. He was also engaged in the united front work and editorial work for many revolutionary publications.

From 1949 to 1955, he served as head of a group for compiling textbooks under the Propaganda Department of the CPC Central Committee, secretary of the party leading group of the Publications Administration of the government Administration Council, secretary general of the Propaganda Department of the CPC Central Committee.

Between 1955 and 1985, he served as deputy director of the Political Research Center of the CPC Central Committee and associate editor in chief of the journal "RED FLAG", deputy director of the office of the Commission for Compiling Works of Mao Zedong and deputy director of the Party Literature Research Center of the CPC Central Committee.

He is vice-chairman of the Committee for Drafting the Basic Law for the Hong Kong Special Administrative Region and was a member of the 12th CPC Central Committee, member of the Standing Committees of the Fourth and Fifth National People's Congresses.

**Fan Zeng's Speech at Seventh CPPCC**  
*HK180311 Beijing, RENMIN RIBAO in Chinese*  
13 Apr 88 p 3

["Re-create the National Soul, Reinvigorate the Heroic Style"—speech by Fan Zeng (5400 2582) at a plenary meeting of the First Session of the 7th CPPCC National Committee"]

[Text] A 26 March report from "THE INDEPENDENT" of the United Kingdom read: "When Li Peng read his report at the NPC opening ceremonies, every deputy had in hand a copy of that report. As they turned every page of it, foreign diplomats, reporters, and the PLA military band could feel a breeze wafting toward them." Comrades, I am thinking, that soft breeze is now growing stronger and stronger through the media and is sweeping across China and the world with increasingly greater momentum. It will eventually grow into a strong wind of our times. I am thinking that we are opening a new chapter in history whenever we turn to a new page of his speech. A sense of our nation's historical mission can be felt striking at our hearts' strings.

Comrades, today's China no longer stands isolated in the world. We live together with other countries in the world, sharing the same planet. The atmosphere, oceans, forests and deserts show no prejudices for any nation, despite different social systems. The endless arms race, the unrestrained exploitation of energy resources, the grave pollution of the atmosphere and the oceans, and the serious damage of ecological imbalance have greatly endangered the Earth we live on, which is like a boat that drifts along in the Milky Way, "a leaking boat at that, with the wine loaded in it helplessly draining away." A sense of worldwide crisis shrouds the human world.

Today, an ultra-egoist will be a public hazard to the state, and an ultra-egoist nation will be likewise to the world. Both the ruler of every nation and its people bear unshirkable responsibility for the world. Such responsibility is even greater to China. In the 1950s, Truman refused to recognize the existence of a Red China. That incident became a joke in history, and has been collected in the "World Anthology of Jokes."

As members of mankind, we have already acquired a sense of crisis toward the world. As Chinese, we should also acquire the same sense of crisis toward China and the Chinese nation. The Chinese emperors and kings used to believe that their wealth was inexhaustible because of China's vast territory and abundant natural resources; and they thought China was the center of the world because of its long history and brilliant culture. Our beloved motherland suffered serious wounds because of their arrogance, historical inertia, domestic trouble and foreign aggression. All this resulted in the general low spirits of the Chinese people.

Since ancient times, the Chinese intellectuals have acquired a fine tradition characterized by a sense of anxiety over their nation's fate. Time and again, they have uttered cries of warning, because they saw that a nation without a sense of crisis was one lacking self-confidence. Only by making in-depth analysis of the shortcomings of one's own nation, will it be possible to find a new starting point for making progress. A genuinely fine intellectual or a genuinely outstanding artist must be a true worshipper of his native land, he must have a deep and stubborn devotion to his motherland. It is such a passion that has roused anxieties over this piece of land, for which Qu Yuan "would face death nine times with no regret," Tan Citong "would rather die than betray the Chinese nation," Lu Xun would face life squarely, and Wen Yiduo would shed the last drop of his blood. "The Chinese nation is at a critical juncture," a line in the song "March of the Volunteers" written 50 years ago, still holds true today. The piping times of peace is still very far away from China. The shift of the CPC work focus in the new historical period since the 3rd Plenary Session of the 11th Central Committee aims primarily to overcome our national crisis, and to build the impoverished and backward China into a prosperous and powerful nation. Therefore, our NPC deputies and CPPCC members have found that three dishes along

with a mug of plain tea for our every meal are much to our material and spiritual satisfaction. China has always been use to a life of simplicity. What we should advocate today is not luxuries but enduring hardships to remind us of our national humiliation. We do not see the hope of our nation in the wealthiness of some speculators. The entire Chinese nation is still poverty-stricken. The way is still very long to achieve the state of being comparatively well-off.

In New York City, a billionaire asked me my impressions, pointing to Wall Street, Broadway, and 57th Street. Upon his question, I felt an ache inside me beyond description. I refrained from pointing out the crisis and ugliness under the crystal chandeliered world. I simply wanted to hurry back to China, the land of which my forefathers had sung in praise, cried, lived and died for generation after generation. I deeply felt the pressure, for "time waits for no one, and the seasons keep on rotating themselves." While I am still in the prime of my life I must seize the hour to exert my utmost efforts to work for the reinvigoration of the Chinese nation.

However, the intellectuals should not stop worrying about the fate of the nation in the new historical age, they must acquire a sense of active participation and sense of devotion.

As I painter, I know nothing about political science. What I have is just my brush and my strong passion. Only recently, I have fulfilled my work in preparing a 3 million-yuan donation to the founding of the Oriental Art Building, Nankai University. True, this sum is insignificant to the needs of China's reconstruction, but to me, that was all I had, and I had sold the gems in my personal art collection acquired through life-long efforts. I could not help laughing when some people said that I was a millionaire. They looked upon me as a spendthrift, but I remain nothing more than a poor artist. Material things have never been much temptation to me. Some people said that I had paid to get a good name. I do set much store on a good name, which is originally a virtue of the intellectuals. Only virtue is one thing generally not to be bought. Anyway, the state and the people understand me. An ordinary worker, a fellow-passenger on a bus, and a perfect stranger to me at that, happened to say: "Well, this time Fan Zeng has shown his true color." I have prized that remark far more than a huge cup awarded me.

I often ask myself, do I live up to the expectations of my motherland and nation? As we are now sitting in the splendid Great Hall of the People, discussing state affairs, our beloved soldiers stationed at Moerdong of the Yunnan battlefield, who are still in their teens, are ready to devote their lives and their most precious youth, still ignorant of the joy of life, to the motherland. When the team of Laoshan heroes delivering reports to the hinterland came to Nankai University in 1985, I presented them with my calligraphy in the following phrase: "Everlasting young bloods evergreen hills." The audience was deeply moved when the heroes and I hugged

each other. At that point, I deeply felt the omnipresence of our national soul, and the patriotic hearts of several thousand people beating at one rhythm. Later a company political instructor sent me a letter, telling me that he was very fond of my paintings. I managed to send him a painting of mine. The news spread through the 30,000 officers and men of the unit to which he belonged to; and a division political commissar sent me a copper stick as a souvenir, made out of bullet shells of anti-aircraft machine guns with a finishing touch that showed the painstaking skill of the soldiers. Perhaps they thought that I was quite an old painter. Such sentiment of innocent hearts thrilled me for days. The copper stick is still hanging in my studio, serving as a reminder to keep me sober, to urge me to make progress, to stimulate my vigor, and has become the mentor of my soul. I hope that all parents will always remember our teenage soldiers. Their patriotism is the backbone of the nation and where the national soul lies.

What is the national soul of the new times? Is it pessimistic decadence? Is it solitude? Is it abandoning oneself to despair in agony and depression? Or is it having a good time today when anything could happen tomorrow? My friend Liu Zaifu believes that all this falls into the category of the end-of-the-century sentiments. In fact, Chinese saints and sages in the past time and again relegated them as negative spiritual dirt in the history of mankind. The character Wei Lianyi in Lu Xun's story "The Loner" eventually is reduced to a perverted and ugly creature in his solitude, who wails and weeps like wolf crying in the long night. We should by no means regard decadence as something sacred, and hold it aloft as some "avant-garde" banner. In fact, this rotten rag is already torn into pieces in the strong heroic wind of the times.

Where does the national soul lie? Does it lie in Confucius' "ethics and rites"? Or in Laozi's "Way"? Or Sak-yamuni's "insight"? Throughout history, many people sought truth in these doctrines, which possess some positive essences. They have long shaped the groundwork of our national soul, and become gems in our spiritual treasure house. However, any philosophy, spirit, or soul will lose its vitality without going through the transformation of the times, because the new times has posed unprecedented and brand new problems to us. We cannot find any ready answer for them, and the entire nation is facing the need for in-depth pondering and choice. Eventually, we are able to generalize the transformed national soul in its essentials. Lu Xun did his best to awaken the national soul. He said: "Since ancient times, there were people who quietly set their shoulders to the wheel, put all their energy into their work, preferred justice to life, and pleaded in the name of the people. Such spirit forms the backbone of China." Our nation must be armed with the new modern sense in a new Age. For example, we should advocate speculation and doubt the exploration of truth, while opposing blind faith and superstition. The concept of competition must replace the doctrine of the means. In social psychology, we should praise the strong, stimulate the weak, and lash



at the lazy. We should advocate loyalty to truth; subjecting oneself only to truth. We should establish the concept of officials being public servants, and the people being masters of the country. The legacy concept must be upheld and realized universally among all, penetrating all fields of life. The spirit of thorough patriotism and sense of selfless devotion should be promoted. We should advocate love instead of hatred in human relations, while allowing the coexistence of different world outlooks, religious beliefs, modes of thinking, and ways of behavior with abiding by the law. The realization of any of the above will involve tremendous efforts like removing a mountain. The transformation of the national soul will be as difficult as an orogenic movement. We must work very hard to achieve it.

Comrades, every descendant of the Chinese nation today must do his best to become an idealist. A nation that lacks romantic quality, is egotistical and pragmatic is a pitiful nation in decline. I am full of confidence in the rise of the Chinese nation. Fellow members, your own splendid feats have firmed my confidence and given me great strength. The land of China is a sacred site to us. Buried here are the joy and sorrow of the Chinese people generation after generation as well as all what we cherished in our childhood, the pursuits and dreams of our youth. What value is left if all this is forgotten?

Everyone is required to write the history of the new times with his own efforts. Political visibility has enabled every Chinese to acquire the sense of being the major aspect in participating and discussing state affairs. Gone forever are the days in which "the people are told to do what they should, but never allowed to know why." At the current NPC meeting, the number of abstention and negative votes hit a record 69 in an election. How true it is that "a breeze will ruffle the lake." This has shown a better understanding of the deputies in their own value. I am firm in the belief that a government trusted as well as understood by the people and placed under their supervision will enable China to stand firm on its feet in the East and the forest of the world's nations.

Let the wind beginning with a mild breeze blow stronger!  
Let the one billion Chinese people write together an "Ode to a Heroic People" that will move heaven and earth to tears and shake the world!

**Mao Statues Removed From Beijing University**  
OW171037 Tokyo KYODO in English 1010 GMT  
17 Apr 88

[Text] Beijing, April 17 KYODO—Two huge concrete statues of Party Chairman Mao Zedong who died in 1976 were removed from the campus of the prestigious Beijing University late Saturday night through early Sunday morning.

Why the authorities removed them has not been explained officially. But observers believe this may be part of efforts to deny the cult of personality. The two statues, both about 10 meters tall, had stood near the main gate and in front of the library.

Mao's statues had been built in many places throughout the country after the birth of the People's Republic of China in 1949 and especially during the cultural revolution 1966-1976.

But they had been reportedly removed from almost all colleges and universities in Beijing by last year.

The removal work at Beijing University reportedly started in strong winds and rain at 10 P.M. Saturday when there were no students on the campus.

About 20 workers and crane trucks were used in the removal.

According to students, rumors had circulated since a month ago that the statues would be "repaired."

In 1980, the Chinese party leadership declared the denial of the cult of personality, officially ordering that the number of Mao's photos and statues be limited.

However, the state Constitution, enacted in 1982, mentioned Mao as the leader of the Communist Party in the revolution leading to the birth of New China.

Recently, the WORLD ECONOMIC HERALD of Shanghai carried an article boldly demanding that Mao's name be deleted from the state Constitution.

Students have been reportedly demanding democratization after Ding Shisun, president of Beijing University, recently criticized the party's education policy.

Ding voiced the criticism during a subcommittee meeting of the Chinese People's Political Consultative Conference, a popular front organizations.

Thus, there is speculation among some observers that the removal of Mao's statues from Beijing University may be a "carrot" offered to the students.

**Theorist Says China Has Not Entered Socialism**  
HK150335 Hong Kong MING PAO in Chinese  
12 Apr 88 p 6

[Special dispatch from Beijing by reporters Lin Tsui-fen (2651 5050 5358) and Hsieh Ping (6200 1627): "Su Shaozhi, a Marxist Theorist, Says China Has Not Entered Socialism But Has Remained at the Stage of New Democracy"]

[Text] Fundamentally speaking, China has not yet entered the socialist stage as was described by Marx but is still in a transitional period, or the stage of new democracy.



This is the viewpoint of Su Shaozhi, research fellow of the Research Institute of Marxism-Leninism of the Academy of Social Sciences of China, on China's development stage. Su Shaozhi was former secretary of the party group and director of that institute. In the anti-bourgeois liberalization drive last year, he was criticized as opposing the four cardinal principles under the pretext of opposing feudalism and was dismissed from the posts of director and secretary of the institute, but his party membership and fellowship were retained.

Yesterday, before leaving Beijing for England to give lectures and conduct research, Su Shaozhi, 65, told the reporters in an interview at the airport that at present, many socialist countries are in great difficulty, including the crises in the economic and political fields and in morality. This time, when he goes abroad, he will mainly study the problems of contemporary socialism, hoping that certain breakthroughs can be made in China's mind-emancipation drive and in the study of socialist theories.

Referring to the viewpoint of "new democracy" put forth by well-known philosopher Li Zehou at the recent NPC group meeting, Su Shaozhi said he advocated the same viewpoint as early as 1979 and was criticized by his leaders at that time.

"In an article published in 1979, I said that if we insist that we have entered the socialist stage, it is at most the beginning of the initial stage of socialism. But in my opinion, we still have not yet entered the socialist stage described by Marx, but are still in a transitional period, or the stage of new democracy." When asked about his opinions on "one country, two systems," he pointed out that this is, in reality, a trend of the times. The prerequisite is "peaceful coexistence, peaceful competition, and peaceful transition." Only when these three points are observed can we recognize one country, two systems.

Being a Marxist, he held that it is understandable that the people of Hong Kong and the Taiwanese people are afraid of the Communist Party. The main reason is that there are still influences of the past, especially the influences of the Cultural Revolution. The waves of struggles to oppose spiritual pollution and oppose bourgeois liberalization in recent years have also shaken the people's confidence abroad. At present, the most important thing is that we must do our own jobs well and "keep our word."

Su Shaozhi held that at present, the most difficult thing to do in China is to rectify the unhealthy trends, especially the phenomenon of corruption in the government. Therefore, the key to China's final success lies in reform of the political structure.

He continued: Modernization and democratization are China's established policies, and the actual demands of the masses as well. At the same time, they are in conformity with the irresistible trend of the world.

However, since China carries a heavy historical load, the long-term feudalistic and autocratic influences, there will inevitably be setbacks, big or small, on its road toward modernization and democratization. It is unavoidable that in this respect, China may make two steps forward and one or two steps backward. It cannot reach democracy in a single bound. "Judging from a long-term point of view, I am optimistic," he said.

Su Shaozhi was criticized for opposing the four cardinal principles under the pretext of opposing feudalism last year and was dismissed from his main posts. He wrote an article on democracy and reform, but China's publishing houses dared not publish it. Its English edition was then published in England at the beginning of this year.

Since the 13th CPC National Congress, Su Shaozhi has been able to publish his articles on reform again. The publishing house of the Academy of Social Science of China has agreed to publish his article, which is entitled "Democratic Reform and Development." His collected works, entitled "Creatively Develop Marxism," will also be published and included in a collection of traditional and cultural series by the Guizhou People's Publishing House this year.

Besides, it is expected that another work, "The Development of Marxism Since the Third Plenary Session," a joint effort by Su Shaozhi and Zhang Xianyang, deputy fellow of the Research Institute of Marxism-Leninism of the Academy of Social Sciences, will also be published this year.

Zhang Xianyang, who works together with Su Shaozhi in the same Academy of Social Sciences, was former director of the office in charge of study of Marxist basic theories under the Research Institute of Marxism-Leninism. He was criticized as an element who had indulged in "beating, smashing, and looting" during the Cultural Revolution and was expelled from the party last year in the anti-bourgeois liberalization drive. But Su Shaozhi held that this was unfair for Zhang and that Zhang's case was still a political case. Zhang Xianyang himself also denied that he had committed those mistakes.

"As a matter of fact, General Secretary Zhao Ziyang has also said clearly that it is normal to have different opinions within the party. The most important thing is that on the major question of reform and opening up we should hold identical views. As to the pace, measures, and speed of reform and opening up, people can have different views."

Su Shaozhi has been invited by St Antony College of Oxford University to conduct research and give lectures there for half a year. He will mainly study the different concepts of socialism in contemporary socialist and capitalist countries, and he hopes that certain breakthrough will be made in this study.

**RENMIN RIBAO on Press Legislation**  
*HK170416 Beijing RENMIN RIBAO in Chinese*  
13 Apr 88 p 3

[Article by reporter Duan Cunzhang (3008 1317 4545):  
"Press Legislation Is Imminent"]

[Text] Du Xian, a Central Television Station announcer who is familiar to television viewers, said at a group discussion meeting of the Seventh CPPCC Committee session: "In the Government Work Report, Acting Premier Li Peng mentioned that it was necessary to give play to the supervisory role of press opinion. We, the press workers, urgently hope that a press law will be formulated as soon as possible so that we have a law to follow."

She further said: "At present, the Central Television Station often cannot promptly transmit the latest news to the viewers due to over elaborate censoring of the news, which is one of the problems. Some leaders do not deeply understand the supervisory role of press opinion and are always worried. The news about a disaster or accident cannot be reported until after leaders arrive at the spot and verify the news. If the media cannot give the people the facts, giving play to the media's supervisory role will just be empty talk."

"The press law must be speedily formulated as news reporting is still not very quick." Many press workers attending the seventh NPC session and CPPCC Committee session made urgent appeals.

Zhao Chaogou (XINMIN WANBAO director) said: "Without the press law, we cannot know for certain what degree 'transparency' will reach. Why has work on the press law, which the sixth NPC session began, been suspended? Even the 'Government Work Report' does not mention this."

Liu Zunqi (ZHONGGUO RIBAO chief editor) said: "The major questions now are: What will the press law do? Should freedom of the press be regarded as the main content of the press law? The views on 'freedom of the press' are very inconsistent. It would not be too late to work on the press law after the understanding of the concept of freedom of the press is unified; otherwise, when we have the press law, we may not have a bit more freedom, but probably a bit more restriction."

Epstein (CHINA RECONSTRUCT chief editor) said: "Freedom of the press must be protected and we must have a press law. The 'government work report' enumerates some unhealthy trends and the press law must allow their disclosure. The press as a profession must have a rule. Whoever violates it must be censured."

Du Daozheng (director of the State Media and Publications Office) said: "The press law would be the major law for press circles, and a relatively long time is needed to work on it before it can officially take effect. It is,

therefore, now urgently imperative to formulate provisional regulations on the work of reporters in order to lay emphasis on the solution of urgent problems, such as the qualifications, rights, and obligations of reporters."

In view of this, a reporter asked: In the article to solicit views on the "provisional regulations on the work of reporters," only the first sentence of the first paragraph mentions freedom of the press; the remainder deals with the restriction and management of reporters. Please explain this. Du Daozheng replied: "The article to solicit views on the 'regulations' contains more provisions on obligations and management and less on the protection of reporters' rights. We shall seriously listen to these views."

Hu Jiwei (vice chairman of the NPC Education, Science, Culture, and Public Health Committee) said: "It is regrettable that the Office for Study of the Press Law of the Academy of Social Sciences of China has not drafted a relatively mature press law. The 2 years of drafting work have not been smooth. One view asks whether or not it is necessary to formulate a press law. Another view asks what the major objective of the formulation of a press law is. This is a question of principle. If these views are not unified, we cannot very well begin our work."

Hu Jiwei held that the socialist press law of our country will protect freedom of the press. At present, our country's press does not have full freedom. According to the principle of freedom of speech and the press provided by the Constitution, we must formulate a press law to protect and develop freedom of the press. Another view is that the press law that we are going to formulate is mainly a law to manage press work and press workers.

Hu Jiwei also said: "In the formulation of the press law, we want to protect not only the press workers' freedom of the press, but also all people's freedom of the press. The press workers' democratic rights, such as the rights to gather news, report, comment, and supervise and human rights essentially embody the freedom of speech and the press enjoyed by the people. These rights of press workers are to be protected because, as the news dissemination, public opinion, and supervisory organs of society, the media can then fully and effectively give play to their functions of disseminating news, reflecting public opinion, and carrying out public opinion supervision. Its aim is to protect all people's freedom of speech and the press and to enable the people to more fully and effectively exercise their rights to know the facts, participate in and discuss government and political affairs, and supervise. The people's exercise of all of their democratic rights is closely related to the realization of freedom of the press."

Personages from various circles have shown concern for press legislation and believe that we cannot just have one voice in news reporting. Wang Yao, member of the Seventh CPPCC Committee (member of the Central

Committee of the China Democratic League and professor of the Department of Chinese Literature of Beijing University), said: "Our news reporting lacks individuality. We can only hear one voice. In formulating the press law, we must give legal protection to those people who dare to speak the truth."

**Article Addresses Irrational Social Distribution**  
*HK160341 Beijing GUANGMING RIBAO in Chinese*  
31 Mar 88 p 3

[Article by Ni Di (0242 6611), Li Baoshi (2621 1405 1395), and Shi Xiaomin (4258 1420 2404): "The Situation of Unfair Social Distribution and How To Deal With it"]

[Text] Ever since reforms were conducted 9 years ago, great changes have taken place in social distribution setup. However, egalitarian distribution practice is still fairly serious among workers and staff members in cities and towns. Moreover, the emergence of excessive disparities or irrational phenomena in income and distribution has adversely affected economic development and reforms. All departments in society should conscientiously study and solve them.

**The Situation of Irrational Income and Distribution**  
[subhead]

First, viewed from different economic sectors, the income of some individual businesses and private proprietors and of the workers and staff members in Sino-foreign joint ventures is excessively higher than that of the workers and staff members in state enterprises. Of the 12 million individual industrial and commercial units, those having an annual income of over 10,000 yuan account for about 10 percent. Of these, 1 percent of major employers may have an annual income of tens and even hundreds of thousands of yuan.

Second, viewed from the economy under ownership by the whole people, the income of the workers and staff members in some institutions, contracted trades or enterprises, and big restaurants and hotels, is relatively higher. In addition to wages, the other incomes of workers and staff members in some design units may reach 1,500-2,000 yuan a year. Some of them may have an annual income of 5,000-10,000 yuan.

Third, viewed from individual workers and staff members, the income of those contracting for or leasing small and medium-sized state enterprises or township and town collective enterprises, of those being employed after retirement, of in-service workers and staff members engaging in "second jobs," of literature and art personnel putting on performances at other's invitation, and of selling and purchasing agents is much higher than that of ordinary workers and staff members.

Fourth, viewed from mental and manual labor, the income of those engaging in manual labor after graduating from junior or senior middle schools is higher than,

or more or less the same as, that of those engaging in mental labor after studying in senior middle schools or universities. The income of intellectuals engaging in middle or primary school education and basic scientific research or working in government organs and public institutions having no extra income is too low.

**Reasons for Irrational Income and Distribution** [subhead]

There are many reasons contributing to the above-mentioned circumstances. Chief among them are:

First, some specific policies and reform measures are yet to be put into practice and improved. Due to the profound influence of "leftist" erroneous ideology over the years, plus our concentrated efforts in the early days of the reform to open up to the outside world and to invigorate the economy so as to break away from the old, rigid, stubborn structure and to develop the productive forces, we have paid more attention to openness and unitary measures than to control and coordinated measures in terms of specific reform policies and measures. For example, to encourage the development of individual enterprises, township and town collective enterprises, and Sino-foreign joint ventures, we adopted various supporting policies in taxation and credit, such as reducing or remitting taxes. We adopted different income tax rates toward individual and collective enterprises, Sino-foreign joint ventures, and state enterprises. To bring into full play to role of technicians and to encourage the flow of highly skilled personnel, we allowed science and technology units and design units to engage in business activities. Individuals were allowed to engage in "second jobs" or to work after retirement and those contracting for or leasing enterprises were also allowed to have a higher income. Especially since the reform, in dealing with the distribution relationships between the state and localities, between the state and departments, and between the state and enterprises, we have adopted a system of sharing profits of a base figure plus a progressive share of the excess amount. This has played a good role in arousing the initiative of various quarters. The lack of scientific, lateral comparison in this method, plus some artificial factors, has inevitably led to "inequality of benefits" and the problem of "whipping a flying horse" in terms of distribution.

The emergence of excessive disparities or irrational phenomena in distribution is mostly related to these policies, which were formulated under certain historical conditions. Some of them should still be upheld, others should be further summed up through practice, and still others should be supplemented and improved as quickly as possible.

Second, we have not brought our macromanagement in line with the policy of reform and opening up and we have not strictly enforced the law. Since the reforms, individual industrial and commercial units have increased by several hundred fold and private enterprises have emerged in large numbers. The opening of



"second jobs" and the development of commodity economy have given a strong impact to and greatly changed China's old distribution system and setup. The objective of the distribution policy has changed from one of purely providing guarantee to one of primarily boosting efficiency and giving due consideration to fairness. The mechanism of exclusive government distribution has changed to one in which market distribution plays a leading role and government distribution plays a supplementary role. The income of workers and staff members has changed from exclusive reliance on wages to having numerous sources of income. Under this rapidly changing situation, the highly centralized old management structure begins to be out of order while the new indirect management structure cannot be instituted immediately, thus resulting in a vacuum and the dislocation of macro-management. This, plus various other factors, such as the transition period needed for the price reform to switch to the "double-track system," imperfect market, poor information flow, and the sluggish flow of labor force, has made it easy for some enterprises and individuals to get a higher income. Particular attention should be paid to the fact, due to the imperfect legal system and our failure to strictly enforce the law, the small handful of people have found it easy to take advantage of their positions and powers to gang up with people and to seek exorbitant profits.

Third, it is difficult to remove once and for all the outdated concepts and long-standing problems left over from the past. For example, the masses at large have a lot of complaints about the income of individual businesses. This has to be analyzed in a concrete manner. Investigation conducted in various localities and by the State Administration for Industry and Commerce shows that the average income of most individual businesses is around 3,000-4,000 yuan. In terms of absolute figures, this is one or two times higher than the average wages of the nation's workers and staff members, which is over 1,400 yuan. However, the individual operators do not enjoy labor insurance, material benefits, and other allowances. If these allowances are added up, the actual annual income of the workers and staff members is 2,000-3,000 yuan. Not only do most individual operators work long hours under unfavorable working conditions, they also have to undertake all kinds of risks. Therefore, as far as most individual operators are concerned, their income is rational. This is also an important reason why many workers and staff members do not want to become, or let their sons and daughters become, individual operators when choosing professions although they have complaints about individual operators. In essence, this is also a manifestation of the egalitarian concept of "everybody eating from the same big pot."

#### Measures for Solving Irrational Income and Distribution [subhead]

Judging from the economic development of some developed countries, a social development policy should generally undergo three stages: When the state economy,

which has been undermined, is being rehabilitated, they generally attach importance to a just and equal policy of distribution; in the period of economic development, they generally attach importance to a efficient policy of distribution, which also brings with it a widening income gap; in the period of the developed economy, because there is already a certain economic basis, they generally strengthen a just distribution policy by distributing a second time, which eases the problem of the wide income gap.

There are some similarities in the course of China's economic development. The only thing is that the first stage took too long a time. At present, our country is in a period of economic development. It is also entering a period of economic restructuring in which the old structure is being replaced by the new. Raising economic efficiency has been listed as an important strategy in this period. Letting a number of people get rich ahead of others and attaining the aim of common prosperity also constitute the nucleus of the reform of our distribution policy. For this reason, it is inevitable that some phenomena of excessively high and irrational income should emerge in the course of reform. Naturally, because ours is a socialist country and because the influence of egalitarianism is quite profound, it takes time for people to enhance their psychological capability to withstand the widening income gap. Therefore, it is inadvisable to greatly widen the income gap in a short time and on no account should there be an excessive income gap. To eliminate once and for all the irrational phenomena in distribution, it is necessary to create an equal, competitive market and an environment of political democracy and equal opportunity in the wake of the deepening of reforms in price, finance, taxation, banking, labor wage, social security, and enterprise mechanism. Therefore, this is a long-term, complicated, and arduous task.

At present, we should chiefly solve the question of glaringly irrational income and distribution. Our general policy measures are to strengthen management, improve the tax system, and make rational adjustments.

First, it is necessary to enforce law and discipline and sternly crack down on the upstarts violating the law. At present, the masses are dissatisfied with our failure to effectively crack down on some government functionaries and individual businesses who seek exorbitant profits by various illegal means, such as ganging up with people inside and outside the party, manufacturing and selling fake or poor-quality products, illegally buying up goods, and monopolizing the market. We should punish them according to the law, especially those government cadres and law enforcement personnel violating the law, no matter how high their positions and how strong their backing. This is not only of great significance economically and politically but will also strengthen people's confidence in reforms.

Second, it is necessary to quicken the pace of formulating and perfecting various provisions, rules, and regulations and to step up supervision and management. In addition to

vigorously expediting the work of formulating a private enterprises law and provisions on state civil servants, we should study formulating management regulations concerning the "second professions of workers and staff members" and the "reemployment of retirees." We should strengthen cash control, quicken the pace of setting up urban credit cooperatives, encourage individual business to open accounts in banks, expand transfers of accounts, and reduce cash transactions. Where conditions permit, we should vigorously develop the practice of employing a common accountant or accounting firm and institute an account system and an auditing system toward individual businesses and private enterprises. Where conditions are not ripe, we should bring into full play the role of the association of individual workers and establish a collective assessment and examination system.

Lastly, it is necessary to improve the taxation system, to strengthen the tax collection management, and to bring into full play the role of taxation in regulating income. At present, there is an urgent need to do the following two tasks:

1. Sort out and consolidate the policy of reducing or remitting taxes. With the exception of impoverished areas assigned by the state, it is necessary to abolish the policy of reducing or remitting the taxes of all private enterprises, township and town enterprises, and labor service companies. The income tax or operational tax should be levied on step by step and in a selective way on public institutions having operational activities or income. Moreover, it should be reaffirmed that the power to reduce or remit tax categories, such as circulation taxes, lies in central government, that the localities do not have the power to reduce or remit taxes, and that those violating the regulations should be dealt with according to the taxation law.

2. Reform the tax collection management methods regarding the income tax of individual industrial and commercial units, personal income regulation tax, and wage and bonus tax. These are tax categories levied in the past 2 years with the aim of regulating excessively high personal income and controlling consumption funds. However, the localities are not quite enthusiastic in collecting the three taxes, especially the latter because they are scattered and small, involve complicated collection procedure, cost much efforts, and have to be delivered to the state treasury. They have thus lost the role of regulating excessively high income. To bring into full play the regulatory role of these three taxes, we may as well put the first two taxes under the districts and counties of large and medium-sized cities. In the future, new tax categories will not be delivered to the state treasury but will be kept by the district and county governments as their financial income and this measure will remain unchanged for 3 years. Although the amounts of the two taxes are not large, they constitute a considerable income to district and county governments.

After their enthusiasm to collect and manage taxes is mobilized, the tax amount will be greater, and the role of the taxes in regulating income will also be greater.

**Article Says Social Mood 'Worsening', Harmful**  
*HK180635 Hong Kong ZHONGGUO TONGXUN SHE*  
*in Chinese 0659 GMT 16 Apr 88*

[Article by Yi Lan (0122 5663): "The Worsening of the General Mood of Society Is Even More Harmful to the Country Than Price Rises"]

[Text] Hong Kong, 16 Apr (ZHONGGUO TONGXUN SHE)—Through half a month of personal experience, this writer now strongly feels that for the Chinese nation and a country with a population of 1 billion, what poses a more serious headache is the worsening of the general mood of society rather than price rises. It will not take long to put prices into regular orbit, but straightening out a degenerate mood of society may take even longer than a generation.

The writer went to the mainland in late March. At the Shenzhen frontier inspection station, he saw some travelers being blamed by a good-looking female frontier inspection officer for not tendering exact fares for entry forms, because she did not have small change to give them. On board the Shenzhen-Guangzhou train and at the Guangzhou railway station booking office, the writer also witnessed the habit of not giving change to travelers from the money they paid, on the pretext that small change was not available. At the Guangzhou railway station booking office in particular, this situation is even more serious because overseas travelers do not mind if the booking office clerks keep the change. Therefore the booking office clerks can get an illegal extra pay in a few minutes.

Peddlers pestering travelers to buy their goods can be seen in many parts of the country. In Guangzhou, Shanghai, and Hangzhou, for example, peddlers will ask travelers time and again if they want to buy Western-style suits. Once you hesitate, they will keep "pestering" until you buy. If they find that a traveler is alone and has lots of money, they will cheat him of his money or force him to buy their goods. The cigarette markets in these cities are even busier. Cigarette peddlers holding five or six packs of foreign cigarettes in their hands can be seen peddling around, and they will go to a secret storing place to get some more packs of cigarettes each time they have sold those five or six packs. A pack of "Triple Five" is 6.5 yuan in Hangzhou and 7 yuan in Shanghai.

Although open gambling is not seen, there is an astonishing number of shops and stalls in these cities selling mahjong pieces. In the "Xinsheng market," the biggest in Hangzhou, the writer saw a peddler offering a cigarette respectfully to a government tax collector. It is said that offering a "fragrant fire" worth 10 yuan to a government tax collector will help evade a tax totaling over 100 yuan. A middle-aged peasant lost his purse



somewhere in the market and was crying loudly not far from these people. A laughing crowd surrounded him and some people ridiculed him by saying: "Xi Hu [The West Lake in Hangzhou] is open, you can jump into it at any moment!" People say that deceptions, robberies, and fights occur in this market every day.

Movie tickets in large cities have increased onefold over the past year. At night, groups of "Teds" begin reselling at a profit the movie tickets they booked earlier. The writer saw six movies during his stay in Hangzhou. At the end of each movie, he saw lots of fruit peels, melon seeds, and empty cans left on the floor of the cinema. A few years ago people could still be seen giving up seats to the disabled or the old on public buses. But now this habit has disappeared. What people frequently see is, instead, quarrels and fights. More than half of the public telephone booths with slots for coins have been ruined. During his stay the writer did not hear about prostitution but sometimes saw newspapers carrying news saying that some enterprises in Shanghai were using females to seduce men into buying their low quality products. In this climate, schools have relaxed their education in morality. Some middle school students have fallen into the habit of smoking and others are fond of making love. There are also obvious signs of university students showing less enthusiasm for their studies.

In a word, what the writer has witnessed for the last half a month has caused him a lot of worry. At an NPC meeting several days ago, Qian Jiaju demanded that party members and government officials take the lead in fighting corruption so as to straighten out the general mood of society. Let us wait and see whether this can be realized.

**Scholar Stresses Studies Should Serve Reforms**  
OW181236 Beijing XINHUA in English 0930 GMT  
18 Apr 88

[Text] Beijing, April 18 (XINHUA)—A noted Chinese scholar called on his counterparts to engage in comprehensive studies of the changing social conditions to serve the country's reform.

Speaking yesterday at a conference joined by presidents of social science academies across the country, Hu Sheng, president of the Chinese Academy of Social Sciences, said the principal task for today's social scientists is to sum up the experiences of the past decade so as to perfect the theory that China is still in the primary stage of socialism.

Hu said the 3d Plenum of the Chinese Communist Party's 11th Central Committee, held in 1978, has helped emancipate people's minds and ensure that the country's scientific research is geared toward promoting economic growth.

"The past decade has witnessed rapid development and achievements of the social sciences, which have rarely been seen before," he said.

There have been great changes in the political, economic and social spheres (including family relations) over the past few years, Hu said, adding that only through social science research can China understand the logic of such changes, the directions in which they have developed and possible ways to cope with them.

To achieve this, China needs to absorb knowledge from foreign countries including that of socialist countries.

China also can gain valuable experience from Western capitalist countries, specifically in the areas of the civil service system and the rule of law, he added.

However, China's scholars should also look into their own cultural heritage. It is too simplistic to dismiss the entire Chinese tradition as a burden to the country's modernization, he said.

**Artists Complain About Party Interference**  
OW180002 Beijing in English to North America  
0300 GMT 15 Apr 88

[From the "Features" program by (Ruan Liang)]

[Text] About 140 delegates to the recently concluded Seventh Chinese People's Political Consultative Conference are from literary and artistic circles. Most are writers, singers, dancers, playwrights, and directors. They are concerned about democracy and reform in literature and art. (Zhang Jiaping) has this report:

Film director Xie Jin complained that the government isn't paying enough attention to art and literature. He said in an interview in PEOPLE'S DAILY that there has never been a vice premier on the State Council in charge of culture. This is abnormal, he said. But poet (Zhao Lihong) holds a positive view. He said: I thought the biggest problem is that the party and government have done too much. They have persevered with us too much and paid too much attention to art and literature. It is no good for our work.

Dramatist Wu Zuguang agrees with (Zhao). Wu said: The problem is not that the government didn't pay attention to literature and art but that it paid too much attention. He said that the government controls the artists too tightly. He suggested that the people should be the most authoritative critics of artistic works.

Another hot topic among those delegates is how they should adapt to reform. Minister of Culture Wang Meng recently announced a reform plan to them: The government will give up or lighten its direct power over the



theatrical troupes. So the troupes will have more independence in their professional work and economic activity. Most troupes will be sponsored by nongovernment groups. But some high-level troupes will still be managed by the government.

Gao Zanxiang, vice minister of culture, is very happy with this reform plan. He said that reform is the only way to vitalize Chinese culture. He points out that the current system has hampered artistic creation and the troupes' funds are mostly spent on wages, medical care, and housing. Mr Gao believes that the reform will not reduce the amount of money the government invests in culture. On the contrary, more money will be spent on artistic creation instead of salaries. He promised that the government will provide more funds for culture as China's economy develops.

#### **First Communication Satellite Still Functioning**

OW180738 Beijing XINHUA Domestic Service  
in Chinese 0754 GMT 6 Apr 88

[By reporter Xu Zhimin]

[Text] Beijing, 16 Apr (XINHUA)—According to an official of the Chinese Institute of Space Technology, China's first experimental communication satellite is still functioning normally, exceeding its designed life span by 1 year. This shows that China has achieved a significant technology breakthrough in ensuring the quality of the geostationary communication satellite as well as in using and managing it.

According to the official, the satellite was launched on 8 April 1984. After accomplishing all its experiments on 16 April 1987, the satellite, which was expected to last 3 years, is still handling remote areas' communications and sending in water conservancy and power information, as well as relaying telephone calls, radiophotos, and numerical information. Recent tests of the satellite by its designers showed that its 30,000-strong electronic components were functioning reliably, and its temperature control, tracking, remote sensing, and power supply systems were working normally. During the past 4 years the satellite has accumulated for China useful experience in designing, testing, launching, and controlling a new generation of communication satellites.

#### **Satellite Begins Television Transmission**

HK160702 Beijing CHINA DAILY in English  
16 Apr 88 p 3

[By Zhang Ping]

[Text] Shanghai—China's own communications satellite began transmitting television programmes yesterday afternoon, thus ending the country's reliance on international satellites for transmissions.

"This indicates that China has now become one of the few countries in the world which is able both to launch a communications satellite and transmit TV programmes via the satellite," said Zong Ruhou, chief engineer at the Shanghai-based No. 1 Research Institute of the Ministry of Post and Telecommunications.

Zong told CHINA DAILY that, starting from next year, China will no longer need to rent the international communications satellite in order to transmit TV programmes.

But during the current transition period, he said, programmes will be transmitted by both the Chinese satellite and the foreign one above the India Ocean.

Yesterday afternoon, television programmes on three channels were transmitted via China's third practical communications satellite launched on March 7 from the Earth Station in Urumqi, capital of Xinjiang Uygur Autonomous Region.

#### **Xinjiang Ground Station Operating**

OW181058 Beijing XINHUA Domestic Service  
in Chinese 0730 GMT 16 Apr 88

[Text] Urumqi, 16 Apr (XINHUA)—The No 2 earth station in Urumqi, which will transmit television programs on three channels from China's telecommunications satellite, went into operation on 15 April.

The telecommunications satellite, which successfully moved into its geostationary orbit on 22 March, differs from ordinary telecommunications satellites of other countries in that its radiation power concentrates on China's mainland territory and that its signals sent to earth are stronger than those beamed by satellites of other countries. Thus, television signals of similar quality can be received in various areas in China with relatively smaller antennas, thereby reducing the cost of construction of receiving stations and improving reception of the nearly 5,000 television receiving stations scattered in various areas of China. According to receiving stations in Beijing, Shijiazhuang, Shanghai, Guizhou, and Xian, the picture and sound of TV programs received on a trial basis were clear, and color tones were normal.

Programs One and Two of the Central Television Station and TV programs of the Station Education Commission transmitted via China's telecommunications satellite will be telecast throughout the country beginning from 20 April by earth station No 2 in Urumqi.

#### **Deng Xiaoping Writes Memorial Hall Inscription**

OW180100 Beijing XINHUA Domestic Service  
in Chinese 1440 GMT 17 Apr 88

[By reporter Liu Chunxian]

[Text] Changsha, 17 Apr (XINHUA)—A memorial hall and a monument for Cai Hesen were completed in Shuangfeng County, Hunan Province. Today ceremonies were held for opening the memorial hall and unveiling the monument.

Cai Hesen was born on 30 March 1895 at Yongfeng Town in Shuangfeng County. On 4 August 1931, he was killed in Guangzhou by the Kuomintang reactionaries. He was only 36 at that time.

The Cai Hesen Memorial Hall is situated at the center of the county town. Above the gate of the hall are big characters reading "Memorial Hall for Comrade Cai Hesen," which are a calligraphic work of Nie Rongzhen. The exhibits in the hall are more than 150 pictures showing Cai Hesen's life story and some of the related objects. Some of these pictures were never put on exhibition before. On the ground in front of the hall is a 5-meter-high granite foundation, on which stands a 4-meter statue of Cai Hesen. The characters "Monument for Comrade Cai Hesen," inscribed by Chen Yun, were engraved on the white marble on the face of this monument.

Some leading comrades at the central level wrote inscriptions for the memorial hall. Deng Xiaoping's inscription reads: "Comrade Cai Hesen was one of the early outstanding leaders of our party. He contributed significantly to the Chinese Revolution and is forever remembered by the Chinese people." The inscription by Chen Yun reads: "Salute Comrade Cai Hesen Who Gave His Life to the Chinese Revolution." Nie Rongzhen's inscription reads: "Comrade Cai Hesen, an early outstanding proletarian revolutionary of our party, lives forever in our hearts."

**CPC Advisory Commission Members Visit Jeep Plant**  
*OW172348 Beijing XINHUA Domestic Service*  
*in Chinese 1209 GMT 15 Apr 88*

[Text] Beijing, 15 Apr (XINHUA)—This morning Wang Ping, Wang Shoudao, Liu Lantao, Yang Dezhi, Chen Xilian, and Hu Qiaomu, members of the Advisory Commission of the CPC Central Committee; and 31 other members of the commission visited the Beijing Jeep Company, Ltd., a Sino-U.S. joint venture.

The company's current annually output is 38,900 jeeps, and all of them were reserved as of a year ago. According to Zhao Nailin, vice chairman of the company, the company's annual output is expected to reach 60,000 after 1990 as more parts are produced domestically and more efficiently.

After hearing the briefing, the veteran members of the Advisory Commission examined some models in the showroom. Sitting in one of them, Yang Dezhi and Liu Lantao praised the quality of the remodelled Beijing Jeep and the new products imported from American Motor Company.

Examining in detail a model for military use, Yang Dezhi, former PLA chief of general staff, said that the output of the Beijing Jeep Company is far too low.

Before concluding the visit, the Central Advisory Commission members visited the workshops where the 1988 models of XL13 and BL21 jeeps are assembled.

**Wu Xueqian, Gu Mu Attend Tourism Meeting**  
*OW171354 Beijing XINHUA Domestic Service*  
*in Chinese 1148 GMT 16 Apr 88*

[Excerpts] Beijing, 16 Apr (XINHUA)—Although a series of successive major traffic accidents has cast a gloomy shadow on tourism in the Year of the Dragon, China's tourism industry registered a more than 20 percent increase in the first quarter of this year.

Han Kehua, director of the State Tourism Bureau, speaking at a national meeting of the tourism bureau heads held here today, noted that according to initial statistics, 7.345 million tourists entered China in the first quarter of this year, an increase of over 22.4 percent over the same period last year. Some 372,000 of these tourists were foreigners, up 17.6 percent from the same period last year. Initial estimates show that foreign exchange earnings from tourism are expected to reach U.S.\$420 million, an increase of 20 percent over the corresponding period last year. Han Kehua said China's tourism industry will maintain this growth rate in the next few months.

[Passage omitted] Han Kehua said: Premier Li Peng recently noted that as the current situation provided a good opportunity for developing tourism, all departments under the State Council should vigorously support the development of tourism. It has been learned that the State Council has decided to make Vice Premier Wu Xueqian concurrently in charge of tourism work and to appropriate 500 million yuan each year during the last 3 years of the Seventh 5-Year Plan as funds for developing tourism.

Han Kehua said China's tourism industry should strive to advance by raising quality. [passage omitted] He urged tourism departments to learn from the recent series of traffic accidents, earnestly improve tourism quality, and ensure the safety of tourists and their belongings by coordinating work with civil aviation, railway, and public security departments.

Han Kehua disclosed that the program for restructuring China's tourism industry has been sent to the State Council for approval. He noted that the main points of the program are as follows: Tourism administrations at all levels must separate the functions of government administration and enterprise management and improve management within the entire tourism industry; the contract managerial responsibility system is to be practiced in the entire industry; and economic associations are to be established by tourist agencies.

Vice Premier Wu Xueqian and Gu Mu, vice chairman of the CPPCC National Committee, attended today's meeting.

**Tian Jiyun at Guangzhou Export Commodity Fair**  
*OW162349 Beijing XINHUA Domestic Service*  
*in Chinese 1642 GMT 15 Apr 88*

[By reporter Shi Meisi]

[Text] Guangzhou, 15 Apr (XINHUA)—Vice Premier Tian Jiyun today urged Chinese foreign trade personnel to unite as one and make concerted efforts to ensure that China's export commodity fair this year is more successful and that its foreign trade further develops. The vice premier made these remarks at China's 63d Export Commodity Fair, which opened here today.

The vice premier met here with noted personalities from Hong Kong and Macao, visited the exhibition hall, and observed business activities this morning. He made the important speech to a number of the trade personnel in the afternoon.

Tian Jiyun said: China's industry and agriculture have continued their sustained, stable development at a fairly high speed this year. Total industrial output value in the first quarter rose 16.7 percent over the same period last year. Agriculture may also have a good harvest this year barring large-scale calamities. The prospect of foreign trade in the course of strengthening structural reform is also good. Export volume and orders received in the first 3 months rose 14 and 15 percent, respectively, over the same period last year. This demonstrates that the direction of the foreign trade structural reform is correct and the major reform measures are feasible.

Tian Jiyun pointed out: China's export commodity fair has continuously expanded in size, and its content has become more enriched since the first fair was held in Guangzhou in 1957. Particularly along with China's opening to the outside world, export orders received during the fair have increased year after year; and many activities involving external economic and technological exchanges have been conducted. Thus, in addition to being a venue for holding export business talks, the commodity fair has become a place of trade and multi-functional, multipurpose, and comprehensive economic activities between China and foreign business ventures. It enjoys a good reputation and has a broad impact on both Chinese and foreign economic and trade circles. The fair is structured and conducted in a way which not only arouses the initiatives of the enterprises to increase export but also contributes to a united front in dealing with foreign businesses, promotes business deals, and raises economic results. We shall continue to hold this commodity fair, and we will do so in a pioneering spirit to make it even more successful.

Tian Jiyuan said: The current fair is being held in the first half of the Year of the Dragon. Its opening also coincided with the triumphant conclusion of the First Session of the Seventh NPC. It is the first such commodity fair since the overall implementation of the contract-managerial-responsibility system in China's foreign

trade departments. The First Session of the Seventh NPC was a great boost to the nation and to personnel of the commodity fair. The CPC Central Committee and State Council's strategy of economic development for coastal regions and the strengthening of foreign trade structural reform are arousing the immense initiatives of all localities, departments, and enterprises to develop foreign trade. The world economy is still conducive to the expansion of China's exports. The opportunity will not come again if we lose it now. We must seize this rare opportunity and make full use of the means offered by the fair to expand export. We must make relentless efforts to develop China's foreign trade in a big way and strive to fulfill or overfulfill this year's export target.

Tian Jiyun also urged foreign trade personnel to make full use of government export encouragement policies and measures, carry out comprehensive planning, adopt an overall point of view, safeguard national interests, and exert more efforts in coordination and administration to make the fair a complete success.

#### Discusses Foreign Trade Reforms

*HK160700 Beijing CHINA DAILY in English*  
*16 Apr 88 p 2*

[By staff reporter Chen Qu]

[Text] Guangzhou—China's newly re-appointed Vice-Premier Tian Jiyun, on his visit to the Guangzhou Trade Fair, which opened here yesterday, reviewed the new government's confidence in foreign trade system reforms and its expectations for the fair.

The new cabinet is sure of success in foreign trade system reforms because it had established definite aims and practical measures and learned from the experience of the previous two in 1979-80 and 1985, he said when he met with the heads of the 17 trading delegations participating in the fair.

The first wave of reforms had the idea of giving more decisionmaking powers in foreign trade to the provincial governments, but it resulted in the setting-up of more foreign trade companies under the local governments.

The second wave was met with sharp decrease in exports after pilot programmes in the country's textile trading section.

Tian said the current Spring Trade Fair comes as the country embarks on its first year of developing an export-oriented economy in its entire coastal areas and deeper structural reforms in its foreign trade system.

These reforms aim at making each province, autonomous region, municipality and those cities enjoying provincial status able to earn foreign exchange through exports.



The reforms also aim at reducing export commodities controlled by the State trade corporations—giving more power to local trade units and transferring management powers of the branches under the State trade corporations to local governments.

Due to the transferring of export responsibilities, coordination in the fair may be comparatively difficult. The Ministry of Foreign Economic Relations and Trade asked Chinese trade units to keep in mind the interests of the State and the individual businessmen.

Tian said the fair is the first important foreign trade undertaking this year and its success is sure to consolidate the belief in the current reforms and in the coastal economic development strategy.

He urged all parties in the fair to co-ordinate to do a better job. He said the new government and Party officials have placed great emphasis on the fair and wish it a complete success.

After visiting the booths in the fair, Tian said he was pleased to see so many new products on display.

**Wang Bingqian on Control of Institutional Spending**  
*OW181308 Beijing XINHUA in English 1256 GMT 14 Apr 88*

[Text] Beijing, April 14 (XINHUA)—Minister of Finance Wang Bingqian has again urged implementation of 20 percent cuts in spendings by government-funded institutions this year.

The cuts were demanded by the State Council earlier this year.

Speaking at a national work conference on control of the purchasing power of government-funded institutions which closed here yesterday, Wang said that a continuous emphasis would be placed on controlling such costs.

In addition to cutting back on expenditures, raising work efficiency, balancing budgets and releasing market restraints, he said it will also help governments at different levels to be "honest in exercising their power."

According to the results of the meeting, great efforts will be made this year to check up on instances of waste, fraud and abuse.

Those government-funded institutions and their leaders who have seriously squandered state funds will be punished, he said.

**Wan Li Discusses State, Beijing Affairs**  
*SK130747 Beijing City Service in Mandarin 1000 GMT 29 Mar 88*

[Text] Wan Li, member of the Political Bureau of the party Central Committee and vice premier of the State Council, discussed state and Beijing affairs with old and new friends of the Beijing deputation to the First Session of the Seventh NPC on 29 March.

At 0855, Comrade Wan Li came to the discussion meeting site of the Beijing deputation to the NPC session. After finding his seat, he immediately shook hands with Deputy Pu Jiexiu and extended regards to her. Then, he looked around and said hello to deputies Huo Baolin, Li Weikang, and Yu Shizhi. Wan Li said happily: The Beijing deputation has more new and young people. After taking a seat, Comrade Wan Li held discussions with deputies.

Professor (Yan Yinying) of the No 1 Beijing Medical University first took the floor, reflecting that air pollution in Fangshan district has affected people's health. After that, (Dong Jianhua) of a traditional Chinese medical institute; (Fu Lan), vice principal of Zhongxin primary school in Erligou; (Luo Yifeng), engineer of the information station of Beijing synthetic fiber experimental plant; (Chen Lunfen), a model worker; and other deputies, held talks with Comrade Wan Li on traditional Chinese medical science and medicine, primary school education, price, policies towards returned Overseas Chinese, reform, mobilizing workers' enthusiasm, and building of spiritual civilization. Comrade Wan Li listened to their talks carefully and conscientiously. The whole meeting site was permeated with an atmosphere of enthusiasm, frankness, and trust.

**Yao Yilin, Tian Jiyun Hear Provincial Reports**  
*OW180014 Beijing Domestic Service in Mandarin 2230 GMT 11 Apr 88*

[By station reporter Pan Mengyang]

[Text] Deputies from the three provinces and autonomous region of Gansu, Ningxia, and Qinghai attending the First Session of the Seventh NPC put forward a tentative plan for the joint effort to establish a natural resources development zone along the upper reach of the Huang He without request for investment from the state, relying on policies to solve the problems of capital. Yao Yilin and Tian Jiyun, vice premiers of the State Council; Fei Xiaotong, vice chairman of the NPC Standing Committee; and Qian Weichang, vice chairman of the CPPCC National Committee listened separately to reports by responsible persons of the three provinces and autonomous region, supporting them for this tentative plan.

After conferring several times, Jia Zhijie, governor of Gansu Province; Bai Lichen, chairman of the Ningxia Hui Autonomous Region; and Song Ruixiang, governor

of Qinghai Province jointly put forward this tentative plan. Gansu's Governor Jia Zhijie briefed reporters on the situation along the upper reach of the Huang He. He said: The region from Longyang Gorge to Qingtong Gorge, a 900-kilometer stretch along the upper reach of the Huang He, is one which harbors rich potential in hydroelectric power. It is possible to construct a flight of 15 hydroelectric power stations with a total capacity of over 14 million kilowatts that is equal to the total capacity of the power stations built along the three gorges of the Chang Jiang. The region is also rich in coal deposits. It is possible to construct many electric power stations near coalmines. Giving priority to hydroelectric power and developing thermal and hydroelectric power together, it is possible to develop a huge energy resources base with electric power as the main form of energy.

The leaders of Gansu, Ningxia, and Qinghai proposed that outlays required for the construction can be raised by using foreign capital and offering preferential terms to attract them, by establishing lateral ties with coastal provinces and cities, by way of shareholding, profit-sharing and joint ventures, by levying project construction fees to set up special funds for use in designated areas, and by establishing a development bank to develop the upper reach of the Huang He, a board of directors and special development funds.

Vice Premier Yao Yilin pointed out: It is a great breakthrough for the three provinces and autonomous region to jointly undertake economic development. This is better than one province doing it alone, and it is a great step forward. Before a good job in development can be done, a detailed plan must be worked out to carry out the mission. Vice Premier Tian Jiyun said: I think the western region is on the road to accomplish something worthwhile, and to do so, it will have to attempt something practical. Feasibility studies must be conducted for the plan of three provinces and autonomous region.

Fei Xiaotong and Qian Weichang will form a task force with the relevant comrades of the three provinces and autonomous region before 1 May and will go to the northwestern region to conduct an on-the-spot investigation to draw up the strategy for economic development of the three provinces and autonomous region.

**Wang Fang on Public Security Ministry Tasks**  
*OW180030 Beijing Domestic Service in Mandarin*  
0900 GMT 16 Apr 88

[Text] At the invitation of several press agencies, Wang Fang, the newly elected state councillor and minister of public security, talked about current public order, tasks of public security organizations, and reform of public security work in an interview yesterday afternoon.

Wang Fang said: Public order across the nation is basically stable now. The total number of the nation's criminal cases in 1987 was the same as that of the previous year. However,

the number of serious criminal offenses rose by 25 percent over the previous year. Some of the serious criminal cases were not solved immediately, and this somehow influenced people's sense of security.

He said: One reaction is to say that our public order is deteriorating, which contradicts the actual situation of the country. Last year, China's criminal rate was 5.2 per 10,000, which still ranked among the lowest in the world in terms of proportion to population.

Wang Fang analyzed the reasons for the rise in serious criminal offenses: 1) The floating population has increased. Many businessmen or purchasing personnel carry large amounts of cash. Accordingly, criminal elements perpetrating robbery or larceny can get what they want more easily. 2) Some of the people who have not been employed after going through labor reform or labor reeducation have been more inclined to commit crimes again. In some places, such crimes have had a rate as high as 20 or 30 percent. 3) Some enterprises and institutions care about management of goods, but not that of personnel and neglect security measures. 4) The quality of public security personnel and equipment has not kept up with the new situation.

Wang Fang stressed that the priorities of public security work at the moment are continuing to crack down relentlessly on serious criminal offenses and economic crimes to reduce major criminal offenses and further stabilize public order.

**Li Xiannian Comments on Hebei Agriculture**  
*OW171336 Beijing XINHUA Domestic Service*  
in Chinese 1503 GMT 16 Apr 88

[By reporter Yang Shuxun]

[Text] Shijiazhuang, 16 Apr (XINHUA)—The question of agriculture must be given great attention, stressed Li Xiannian, chairman of the CPPCC National Committee, today when conducting inspections in the countryside of Shijiazhuang City and Luancheng County, Hebei Province.

In the countryside of Luancheng County, Li Xiannian inspected with great interest the condition of wheat seedlings in a field. He said: Our land resources are very precious. We must highly value the land we have. In rural areas, no buildings should be constructed indiscriminately on farmland, while construction of high buildings should be encouraged.

Li Xiannian was briefed by provincial and city leaders, including Xing Chongzhi, secretary of the Hebei provincial party committee; Xie Feng, governor; and Yin Zhe, chairman of the provincial CPPCC Committee. Li Xiannian praised the work achievements made by Hebei and encouraged it to continue to work hard. He said: Agriculture is the foundation of the national economy. If agriculture is not developed, no success can be achieved in any other economic sector. A big country with a

population of 1 billion cannot rely on imported grain. We must attach importance to the development of agriculture. Li Xiannian showed deep concern about drought in Hebei. He said: Agricultural development cannot be separated from water. To solve the drought problem in northern China, we must divert river water from the south to the north as soon as possible. To develop agriculture, importance should also be attached to using organic fertilizer to increase soil fertility. Only in this way can a stable and high yield be guaranteed.

In addition, Li Xiannian said that an atmosphere of respecting teachers and paying attention to education should be created in society, and everyone should show concern about education and try to solve the problems encountered in the work of education so that the cultural quality of the whole nation can be improved.

#### **Plans Set To Publish Li Xiannian Works**

OW160711 Beijing XINHUA in English 0723 GMT  
15 Apr 88

[Text] Beijing, April 15 (XINHUA)—The "Selected Works of Li Xiannian" will be published by the party literature compilation committee of the Chinese Communist Party Central Committee at the end of this year.

Li Xiannian, who has just ended his five-year term as president of the People's Republic, is now chairman of the Seventh National Committee of the Chinese People's Political Consultative Conference.

The 300,000-character one-volume selection will contain about 100 works, most of which have never been published.

They include articles about events in the revolutionary wars in the 1930s and 1940s, and also articles Li wrote when he was in charge of Hubei Province and central-south China after 1949.

About two-thirds of the articles were written when he was working in the central government and cover economic planning, finance, commerce, foreign trade and foreign affairs.

#### **Zhang Jingfu Inspects Hebei Market Reforms**

SK130741 Shijiazhuang HEBEI RIBAO in Chinese  
29 Mar 88 p 1

[Text] Zhang Jingfu, councillor of the State Council and Standing Committee member of the Central Advisory Commission, arrived in Hebei Province on 26 March and made an inspection tour in the province until 28 March. After hearing the briefing regarding the province's programs of conducting reforms in material markets, and enforcing responsibility systems among enterprises and the supply of nonstaple foodstuffs, Comrade Zhang Jingfu stated: Efforts should be made to follow the law of value and perfect market mechanism to develop the

commodity economy to promote the development of productive forces. Problems which have cropped up in the course of reform should be dealt with by deepening reforms.

After hearing the briefing on the province's program of developing the markets of means of production during his tour, Comrade Zhang Jingfu stated: Hebei Province and Shijiazhuang City have taken a good lead in opening the markets of means of production and doing things in line with the economic law and accumulated good experiences in this regard. In referring to the issue of how to deal with the relationship between reform and economic development, Comrade Zhang Jingfu stated: We have originally attempted to create a relaxed climate for reform. However, judging from the current situation, it is very difficult for us to realize our intention. China is a developing country which should maintain a proper speed in building the economy, conduct reforms under adequately strained conditions, and do things in line with the economic law.

After hearing the briefing on the province's program of enforcing business and management responsibility systems among enterprises during his tour, Comrade Zhang Jingfu pointed out: Although enforcing responsibility system is a good measure, it is necessary for us to accurately see where the potential is. Enterprises should increase the variety of new products and enlarge economic results by enhancing their management, improving their product quality, and lowering their cost. Relying only on the price hike of products is not a permanent solution. Enterprises may annex each other to cope with the competition but should not transfer their resources indiscriminately. By establishing economic associations, efforts should be made to truly realize the precise combination of production key elements in line with the demand of markets.

"As the masses said well, we can judge the situation in the people's vegetable baskets." In referring to the issue of successfully providing nonstaple foodstuff supply for the people, Comrade Zhang Jingfu pointed out: We should place vegetable supply on a prominent position among those of meat, eggs, and vegetables. Our province's governor and city mayors should personally take charge of vegetable production and particularly do a good job in getting a hold on the production and supply of staple vegetables.

During his inspection tour, Comrade Zhang Jingfu accompanied by Song Shuhua, vice governor of the province, paid a visit to the provincial material and trade center, the Shijiazhuang City materials markets, and the Changzheng rubber-shoes factory of Shijiazhuang City.



**Li Ximing, Sun Qimeng Meet Handicapped**  
*OW181018 Beijing XINHUA Domestic Service*  
*in Chinese 1200 GMT 17 Apr 88*

[By reporter Chen Yan]

[Excerpts] Beijing, 17 Apr (XINHUA)—It happened in the morning when daylight-saving time began this year. It was shortly after 0730 when a doctor of gynecology and obstetrics arrived at the Jishuitan Hospital in Beijing. Today, she and 100 other noted doctors of various specialties were to work here as volunteers to treat the handicapped.

This was one of the activities dubbed "Serving the Handicapped" on the first "Handicapped Day" in Beijing. Handicapped people were to get free medical treatment. There was also no charge for urine and stool analyses, medical checkups, and X-ray examinations. In addition, the Jishuitan Hospital had formed a service group to provide wheelchairs to handicapped patients and offer them various other services. [passage omitted]

Apart from free medical service, the "Serving the Handicapped" activities included voluntary theatrical performances, contests, exhibitions, and sales. All receipts from these activities would be donated to the Beijing Municipal Association of Handicapped for use in various projects for handicapped people. [passage omitted]

Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal Party Committee, and Sun Qimeng, vice chairman of the NPC Standing Committee, were among those attending a goodwill meeting between healthy and handicapped people at the Beijing International Hotel in the afternoon. This was another "Handicapped Day" activity. At the meeting Deng Pufang, chairman of the Presidium of the China Federation of the Handicapped and director-in-chief of the China Welfare Fund for the Handicapped, made a speech. He Luli, vice mayor of Beijing, and other participants also made speeches.

The first "Handicapped Day" was jointly sponsored by the China Association of the Handicapped, the China Welfare Fund for the Handicapped, the China Kanghua Development Corporation, the Beijing Municipal Civil Affairs Bureau, and the Beijing Municipal Association of the Handicapped.

**Hong Kong Journal on Largest Naval Base**  
*HK170754 Hong Kong KUANG CHIAO CHING*  
*in Chinese No 187, 16 Apr 88 pp 18-21*

[Article by Ai Hung-jen (5337 1347 0088): "Exploring the Secret of 'The Number One Port of the Far East'—China's Largest Naval Port"—first three paragraphs are KUANG CHIAO CHING introduction—passages in boldface as published]

[Text] China has built the largest port in the Far East. It is the country's largest multipurpose naval port.

As soon as this was made known to people, it aroused the attention of Western defense experts. A foreign diplomat in Beijing said that it was strange that this news was released and that naval officers of various countries were discussing this. REUTER thinks that this piece of news is quite extraordinary. High-level Chinese leaders have always been careful not to say anything about its location, thus making it more mysterious.

This journal has learned from reliable sources that China's largest naval port is located in Shandong's Jiaonan County, directly opposite to Qingdao City across the Jiaozhou Bay. Following the completion of China's nuclear submarine base, Communist China [zhong gong 0022 0364] began the second phase of its construction in 1984. Ma Zhongquan [7456 1813 0356], deputy commander of the Chinese Navy, is in charge of the construction of this "number one port of the Far East." He is assisted by such officers as Tao Qi [7118 3823], Xiong Zuofang [3574 0155 5364], Duan Yi [3008 3015], Zhao Jiangchuan [6392 3068 1557], and others. The codename of the project is "Site 1024."

**China Has Completed the Largest Man-Made Port in the Far East** [subhead]

China has built the largest man-made port in the Far East. This news was reported by RENMIN RIBAO, China's official newspaper, on 11 February, 1988.

According to the RENMIN RIBAO report, this port is China's largest multipurpose naval port and, with a total area of 10.7 square kilometers, of which 3.9 square kilometers is water surface, it is surrounded by mountains on three sides and faces the Pacific Ocean. The port has four wharves and two docks. Each of these two docks can hold 10,000 ton-class ships. The total length of its wharves is approximately equal to the total length of the berths at the naval ports at the founding of the country. Several dozen ships and naval vessels can anchor in its harbor. The port can speedily supply petroleum and water to ships and naval vessels, recharge their batteries, replace their heating systems, and replenish their ammunition stocks. The technology applied in its construction is up to contemporary international standards.

**Western Military Experts Try To Obtain Information Everywhere** [subhead]

The news immediately aroused the attention of Western defense experts as soon as it was reported. On the same day RENMIN RIBAO reported this, a diplomat stationed in Beijing commented on it, saying: "It is strange that they should have released this news. Naval officers of various countries are all discussing it today." A REUTER reporter in Beijing thought that this was "rather unusual." Japan's KYODO commented: "On the one hand, China is reducing the strength of the PLA by 1 million men. On the other, however, it is trying to

update its facilities and equipment. Its navy in particular is now expanding its submarine units and trying to enhance their combat capabilities in waters far away from their home bases."

Since the 3d Plenary Session of the 11th CPC Central Committee, which was held in 1979, thanks to the pursuit of the opening-up policy, the topmost leaders of the CPC have gradually improved their understanding of the importance of the oceans.

In recent years, China's shipbuilding industry and ocean-going shipping business have been developing rapidly. They have become new forces on the international market and have earned much foreign exchange for China's modernization.

In addition, there are rich mineral resources along China's coast. For example, China's oil reserves there are estimated at over 10 billion tons. Oil and natural gases have been discovered at various points on the continental shelf, and some of these resources are being exploited for commercial purposes. It is estimated that by 2000, the output of China's offshore oil and natural gas will account for about one third of its total natural gas and oil output. Obviously, the development of the exploitation of its maritime resources is very important to China's efforts to attain the goals of its "four modernizations" and to make the country "comparatively well-off." It is reported that high-level Chinese authorities think that the Pacific will be the world's political, economic, and military center in the 21st Century. Therefore, China is actively participating in the affairs in this region. This has aroused international attention.

#### China Has Important Maritime Problems [subhead]

Today China's most important maritime problem is its disputes with its neighbors over maritime rights. For example, Vietnam is occupying some islands that belong to China's Nansha Islands, claiming that they are Vietnamese territory. At the end of January 1988, China sent some scientific survey ships and naval vessels to the Nansha Islands to conduct surveys and patrol the area. However, at the same time, Vietnam also sent ships there to dispute their right to do so. In February, in addition to sending reinforcements to the Nansha Islands, both China and Vietnam reasserted their sovereignty over these islands by diplomatic and propaganda means. All this finally led to conflict on 14 March 1988.

#### Why Did Communist China Announce the Completion of a New Port [subhead]

In February 1988, China announced the completion of its largest naval port. This was tantamount to telling the world that the idea of "peaceful army building" does not imply that the Chinese Navy will slow down the pace of its development. China considers a strong navy to be its most reliable backup force in protecting its maritime rights.

The author of this article has learned that this new port of China is situated in Jiaonan County on the southern Shandong Peninsula. Qingdao is situated to the north of it, across Jiaozhou Bay, and it is only 50 kilometers north of Shijiu Port. The port faces Huang Hai [the Yellow Sea]. It is easily accessible and yet strategically located. Immediately beyond the port area is open sea, where ships can easily maneuver. Ships can easily enter and leave this port without hindrance. It is an ice-free port and is thus an ideal supply and mooring base. The completion of this port has enhanced the Chinese Navy's ability to protect and supply its ships.

The Chinese Navy was built up later than the other armed forces. In the early 1950's, there were only some old port facilities left by the KMT navy. At that time, there were only 13 naval anchorages along the coast. The total length of berths was 4,312 meters. The facilities and equipment were simple and crude and were concentrated in large cities. Most ports were for both civilian and naval use and few of them could really be called naval bases. According to records, for the first 3 years of the 1950's, construction projects accounted for about 20 percent of the navy's budget. At that time, however, construction meant the maintenance and fixing up of old facilities, and the country was still incapable of building large ports.

Since 1956, thanks to its gradually enhanced construction capacity, the Chinese Navy has established an engineering and construction system. In 1956 it formulated a 5-point guiding principle for building bases and ports:

First, anchorages should be scattered in order to protect them from nuclear attacks and yet appropriately concentrated in order to ensure a high degree of mobility;

Second, facilities on the major bases should be built selectively and distributed systematically and in such a way that none of them stands in the way of another;

Third, a base is not simply a port. It should be a center of defense, with coordinated air defense, shore defense, and land defense;

Fourth, attention should mainly be focused on the construction of light-weight mobile bases. However, some attention should also be paid to the construction of fixed and underground bases;

And fifth, while building naval bases, consideration should be given to the wartime use of commercial ports.

Based on this guiding principle, the distribution of China's naval bases and naval ports was as follows: A certain number of ships and naval vessels formed a detachment [zhi dui 2388 7130], and each detachment had its base; a certain number of ships and naval vessels formed a group [da dui 1129 7130], and each group has its scattered mooring facilities. At that time, the Chinese



Navy did quite well in port construction. However, its guiding principle stressed the need to "defend" the coastal areas and was quite conservative. It did not intend to send ships to distant oceans then.

**Mao Zedong Once Told the Navy To "Dig More Holes"**  
[subhead]

In the mid-1960's, Mao Zedong told the navy to "dig more holes." The Chinese Navy has since stressed the building of large and medium-sized bases in caves and caverns. The major facilities of these bases are located underground. They are well concealed and can stand the shockwaves generated by nuclear weapons. However, the amount of work was enormous and difficult technological problems had to be solved. In the mid-1960's, the Chinese Navy successively launched 26 large-scale projects in caves and caverns. One of these projects was the construction of a large cave base for the North China Sea Fleet, which began in June 1966. The base was built for submarines and torpedo boats. At that time, Mao Zedong introduced his famous saying, "Dig tunnels deep, store grain everywhere, and never seek hegemony." The strategic thinking of those days was conservative and characterized by a lack of pioneering spirit.

During the Cultural Revolution, when Lin Biao was in charge of the work of the CPC Central Military Commission, the idea of "making use of mountains, scattering things, and digging tunnels" became the guiding principle for building naval bases, and long-term planning was neglected. Many projects were not thoroughly discussed or carefully considered. Things were not well coordinated and the quality of work was poor. The development of the Chinese Navy was thus seriously affected.

**Nuclear Submarines Were Put Into Commission in the 1970's**  
[subhead]

By the 1970's, the equipment of China's naval vessels had been revolutionized. Guided-missile destroyers, nuclear submarines, frigates, large ocean-going supply ships, and ocean-going scientific survey ships were successively put into commission. Thus, the urgent task of that time was to build large bases for ships and naval vessels.

**The Second Phase of the "Project" Began in 1984**  
[subhead]

In the mid-1970's, China completed the first phase of its nuclear submarine base. Its second phase began in 1984. However, the construction of the "Number One Port of the Far East" officially began in January 1977.

**"Site 1024" [subhead]**

It was reported that soon after the construction of this large naval port began, the state listed it among its key construction projects. In 1976, the State Council and the

CPC Central Commission officially approved the construction plans and formed a construction committee. At that time, the people responsible for directing the execution of the project included Chairman Ma Quanzhong (deputy commander of the Navy) and Vice Chairmen Tao Qi, Xiong Zuofang, Duan Yi, and Zhao Jiangchuan; the project was codenamed "Site 1024."

The Chinese military regarded this project as a "major battle." The Chinese Navy put together the strength of four engineering regiments and four independent engineering battalions to deal with it. Local authorities also participated in the project. The Shipping Engineering Administration under the Ministry of Communications and a large number of civilian workers were also involved. Altogether, 25,000 people were involved.

This naval port is a large and magnificent port. It is reported that caissons were used in the construction of the dyke wharf complex. A total of 203 caissons, each weighing 3,000 tons, and an even larger number of caissons each weighing 2,000 tons were sunk. Never before have so many caissons been sunk in the history of China's port construction. The harbor is deep enough for ships of all sizes to anchor there. On the land there are rows of buildings and a network of roads. In the mountains, there are caves and depots of all types. On the wharves, there is a 7,000-seat amphitheater, a large servicemen's club, lecture halls, offices, stadiums, hospitals, hangars, and other facilities.

The leakage of the news about China's largest naval port has aroused the attention of the world's ordnance industries and the attention of the United States, the Soviet Union, Japan, and Taiwan. Actually, all this indicates that China's naval port construction has reached a new stage!

**PLA Circular on Building Spiritual Civilization**  
*OW172222 Beijing XINHUA Domestic Service*  
*in Chinese 0537 GMT 17 Apr 88*

[Text] Beijing, 17 Apr (XINHUA)—Recently the General Staff Department, the General Political Department, and the General Logistics Department of the PLA issued a joint circular urging the whole Army to further develop the Army-people campaign for building socialist spiritual civilization.

The circular points out: "The Army's participation in the nationwide drive to build spiritual civilization is a requirement set forth by the party Central Committee. Over the past few years, the Army-people campaign to build socialist spiritual civilization has made great progress and achieved remarkable results, winning praise from the governments at various levels as well as the masses. Facts have proved that participation in this campaign is a development in the new period of our Army's fine tradition of supporting the government and cherishing the people as well as a good way for the Army to play a role in building socialist spiritual civilization. It



has a positive effect on prompting the various PLA units to learn from the people, strengthening the unity between the Army and the government and between the Army and the people, and accelerating the improvement of the PLA units themselves."

According to the circular, the Army-people campaign for building spiritual civilization should be guided by the party's basic line for the initial stage of socialism. It should be aimed at training new socialist people with ideals, morality, education, and a sense of discipline, and achieving the goal of promoting the building of the two civilizations simultaneously. The campaign should mainly continue to be led by the local authorities, and the masses should be mobilized to work on their own. Primary attention should be devoted to ideological and political work so as to strengthen the building of spiritual civilization. In conducting various activities, it is necessary to consult with the local governments and see to it that the activities are carried out under the local government's leadership. Restricted by their special tasks and conditions, PLA units cannot take care of many local affairs. Their main role in the Army-people campaign for building spiritual civilization is to influence the masses and educate the PLA by their good example and through their efforts to build various joint construction projects that can be used as examples. In supporting local economic construction, they should take an active attitude on the one hand and act within the limits of their capabilities on the other. In other words, they should only do those things that are needed and can be accomplished by them. In principle, they should be rewarded for what they have done in supporting local economic construction.

The circular states: The emphasis of the Army-people campaign for building socialist spiritual civilization should be placed on improving the Army-government and Army-people relations in the localities where PLA units are stationed. In peacetime, each PLA unit is rather permanently stationed in a locality. It has more frequent contacts with the local government and masses, and its material interests are more closely related with the latter. Accordingly, there are greater possibilities for contradictions and disputes to arise between them. For this reason, the joint activities in building spiritual civilization should take place locally, and the PLA units should put emphasis on doing well the work at "the doors of their homes"—that is, they should make a success of the joint projects located near their barracks. PLA units stationed in minority-inhabited areas should respect the local customs and habits with a view to strengthening and maintaining the unity between different nationalities. All PLA units should educate their cadres and fighters to firmly bear in mind our Army's purpose of serving the people wholeheartedly and its fine tradition of supporting the government and cherishing the people. They should respect the local governments, warmly cherish the masses, set an example to carry out the party and state policies, laws, and regulations, strictly abide by

mass discipline, and strengthen the ties between the Army and the government and between the Army and the people.

The circular calls for attention to the real results of the Army-people campaign to build spiritual civilization. From now on, it says, there should be no massive activities, large on-the-spot meetings and experience exchange meetings, unrealistic slogans, and inappropriate targets and demands.

**Contractual Joint Venture Law Reported**  
*OW171607 Beijing XINHUA Domestic Service*  
*in Chinese 0008 GMT 15 Apr 88*

[Text] Beijing, 15 Apr (XINHUA)—The Sino-Foreign Contractual Joint Venture Law of the People's Republic of China

Adopted by the First Session of the Seventh NPC on 13 April 1988

Article 1: This law is hereby formulated with a view to expanding economic cooperation and technical exchange with foreign countries and encouraging foreign enterprises, other economic organizations, or individuals (hereinafter referred to as foreign partners) to join with enterprises or other economic organizations of the People's Republic of China (hereinafter referred to as Chinese partners) in establishing Sino-foreign contractual joint ventures (hereinafter referred to as joint ventures) in China in accordance with the principle of equality and mutual benefit.

Article 2: Joint ventures set up by Chinese and foreign partners shall, in accordance with the provisions of this law, prescribe investment or terms of cooperation, distribution of profits or products, sharing of risks and losses, style of management, and ownership of the assets at the venture's termination in joint venture contracts.

Joint ventures may acquire the status of a Chinese legal entity if they meet the conditions under Chinese law.

Article 3: The state shall protect the lawful rights and interests of joint ventures and Chinese and foreign partners.

Joint ventures shall abide by Chinese laws and regulations and must not violate China's public interest.

The government organizations concerned shall exercise supervision over joint ventures according to law.

Article 4: The state encourages the establishment of export-oriented or technologically advanced production joint ventures.

Article 5: Application for permission to set up a joint venture requires the joint venture agreement, contract, articles of association, and other documents signed by

Chinese and foreign partners to be submitted to the State Council's department in charge of foreign economic relations and trade or institutions and local governments empowered by the State Council (hereinafter referred to as examining organizations) for examination and approval. The examining organizations shall make a decision of approval or disapproval within 45 days of receipt of the application.

Article 6: After being approved, the joint venture shall register with the Administration for Industry and Commerce within 30 days of receipt of a certificate of approval, and obtain a business license. The issue date of a joint venture's business license is the date of inauguration of the joint venture.

Within 30 days of the inauguration, a joint venture shall register with tax authorities for the payment of taxes.

Article 7: If Chinese and foreign partners agree to make major changes in the joint venture contract during the period of cooperation, they shall report them to the examining organizations for approval; they shall also register with the Administration for Industry and Commerce if the changes involve industry and commerce registration and tax registration.

Article 8: Chinese and foreign partners may offer as investment or conditions for cooperation cash, goods, land use rights, industrial property rights, unpatented technical information or other property rights.

Article 9: Chinese and foreign partners shall fulfill on schedule their obligation to complete the investment or realize the terms of cooperation in accordance with laws, regulations, and provisions of the joint enterprise contract. For obligations that are not fulfilled on schedule, the Administration for Industry and Commerce will set a deadline for their completion. If the obligations remain unfulfilled by the time of the deadline, they shall be handled by examining organizations and the Administration for Industry and Commerce according to relevant state regulations.

Investment or terms of cooperation offered by Chinese and foreign partners shall be verified with certificates issued by accountants registered in China or relevant examining organizations.

Article 10: When either the Chinese or the foreign party wishes to transfer all or part of the rights and obligations stated in the contract of the joint venture, it should obtain the consent of the other party as well as the approval from the examining agency.

Article 11: A joint venture shall conduct operations and management in accordance with its approved contract and articles of association. Its self-decision power in operations and management shall not be subject to interference.

Article 12: A joint venture shall have a board of directors or a joint administrative agency which shall make decisions on major issues of the joint venture in accordance with the provisions in the contract or articles of association. When either the Chinese or the foreign party is the chairman of the board of directors or head of the joint administrative agency, the other party shall be the vice chairman of the board of directors or deputy head. The board of directors or the joint administrative agency may decide to appoint or hire a general manager to take charge of the day-to-day operations and management of the joint venture. The general manager shall be responsible to the board of directors or the joint administrative agency.

In case the operations and management of an established joint venture is entrusted to a third party other than the Chinese or the foreign partners, the unanimous consent of the board of directors and the joint administrative agency should be obtained. The matter should be submitted to the approving agency for approval and reregistration filed with the Administration for Industry and Commerce.

Article 13: The hiring, dismissal, remuneration, welfare, labor protection, labor insurance, and other matters related to the workers of a joint venture shall be stipulated in a contract concluded according to the law.

Article 14: Workers of a joint venture shall form a trade union according to the law, and carry out trade union activities to safeguard the workers' legal interests.

A joint venture shall provide the necessary conditions for the activities of the trade union in the enterprise.

Article 15: The joint venture should set up financial ledgers in China, submit financial reports as stipulated, and accept the supervision of financial and taxation authorities.

In case a joint venture violates the aforementioned provisions by failing to set up financial ledgers in China, the financial and taxation authorities may impose fines on it, and the Administration for Industry and Commerce may order it to stop business or revoke its business license.

Article 16: With its business license, a joint venture should open a foreign exchange account in banks or other financial institutions authorized by foreign exchange control authorities of the state to handle foreign exchange.

Matters related to the foreign exchange of joint ventures shall be handled according to the state regulations on foreign exchange control.

Article 17: A joint venture may borrow funds from financial institutions inside or outside China.

The amount borrowed by the Chinese and foreign partners either for use in investment or as the condition for setting up the joint venture, as well as the guarantee for this loan, shall be handled by the respective parties involved.

Article 18: All insurance for a joint venture should be bought from insurance agencies in China.

Article 19: Within the authorized scope of business, a joint venture may import materials it needs and export products it produces. The raw and semifinished materials, fuel, and other materials needed by a joint venture within the authorized scope of business may be bought from the domestic or international market.

Article 20: Joint ventures should balance their foreign exchange revenues and expenditures themselves. Those who are incapable of achieving that balance by themselves may apply to the relevant agencies for assistance in accordance with state regulations.

Article 21: Joint ventures shall pay taxes in accordance with the relevant tax regulations of the state, and are entitled to preferential treatment such as tax reduction and exemption.

Article 22: Chinese and foreign partners shall distribute earnings or products, and share risks and losses, in accordance with joint venture contracts.

Chinese and foreign partners that agree in a joint venture contract to turn over the entire fixed assets of a joint venture to the Chinese partners at the end of cooperation can specify in the joint venture contract measures for the foreign partners to retrieve investment before the venture's termination. A joint venture contract that allows the foreign partner to retrieve investment returns before paying income taxes shall be submitted to financial and tax authorities for examination and approval in accordance with relevant tax regulations of the state.

In light of the preceding regulation on foreign partners retrieving investment during the period of cooperation, Chinese and foreign partners shall bear the responsibility for joint ventures' debts in compliance with provisions in relevant laws and joint venture contracts.

Article 23: Foreign partners may remit abroad their share of profits, other legitimate income, and their share of funds upon termination of joint ventures after they fulfill obligations required by laws and contracts.

Foreign staff members' and workers' salaries and other legitimate income may also be remitted abroad after their individual income taxes are paid according to law.

Article 24: When a joint venture expires or is terminated before the date of expiration, it shall follow legal procedures to conduct liquidation of its assets, credit, and debts.

Its Chinese and foreign partners shall determine the ownership of the joint venture's property according to the joint venture contract.

When a joint venture expires or is terminated before the date of expiration, it shall go through the procedures for nullifying its registration with the Administration for Industry and Commerce and tax authorities.

Article 25: Chinese and foreign partners of joint ventures shall negotiate and specify in joint venture contracts the period of cooperation. When Chinese and foreign partners agree to extend the period of cooperation, they shall apply to the examining agency at least 180 days prior to the expiration of the cooperation period. The examining agency shall decide whether to approve or not within 30 days of receipt of an application.

Article 26: Disputes between Chinese and foreign partners arising in the process of implementing joint venture contracts or articles of association may be settled through consultation or mediation. If Chinese and foreign partners do not want to go through consultation and mediation, or if no agreement is reached through consultation and mediation, disputes may be submitted to Chinese or other arbitration agencies, according to arbitration provisions stated in joint venture contracts or written arbitration agreements reached afterwards.

Chinese and foreign partners who neither lay down arbitration provisions in a joint venture contract nor reach an arbitration agreement in written form afterwards can bring the disputes to Chinese courts.

Article 27: The State Council department in charge of foreign economic relations and trade shall formulate, in accordance with this law, detailed rules for its implementation. The department shall carry out the rules after they are approved by the State Council.

Article 28: This law will go into effect on the day of its promulgation.

**Curbs Set on Joint Venture Hotel Construction**  
*OW181038 Beijing XINHUA Domestic Service*  
*in Chinese 0758 GMT 16 Apr 88*

[Text] Beijing, 16 Apr (XINHUA)—Han Kehua, director of the State Tourism Bureau, announced here today that for the time being, applications for the construction of Sino-foreign joint venture hotels and Sino-foreign cooperative hotels in such top tourist cities as Beijing, Shanghai, Guangzhou, Guilin, Xian, and Hangzhou will not be approved.

Han Kehua said: Currently China has 1,380 tourist hotels with a total of 200,000 rooms. In some places, hotel construction has outpaced the growth in the number of guests; there are too many high-grade hotels and also too many Sino-foreign joint venture hotels and hotels managed by foreign hotel groups. To solve this



problem, the State Tourism Bureau has decided to enforce the following principles and measures: The number of hotels in a locality must generally be commensurate with the growth of the number of customers, and reckless construction of hotels will not be permitted; as far as hotel grades are concerned, attention will be paid to meeting the needs of international guests and to building second-class and third-class hotels in less busy tourist areas; and encouragement is to be given to the establishment of Chinese hotel management companies. Where there is a definite need for the construction of Sino-foreign joint venture hotels and for the hiring of foreign hotel groups to manage a hotel, prior endorsement must be obtained from the State Tourism Bureau and the State Planning Commission before sending applications to a department of foreign economic relations and trade for approval. Applications for the construction and expansion of tourist hotels involving foreign firms or nationals must go through channels to obtain the endorsement of the State Tourism Bureau or the tourism bureaus of provinces, autonomous regions, or municipalities before sending the applications to the proper authorities for approval.

**GUANGMING RIBAO** Answers Ownership Queries  
HK160441 Beijing *GUANGMING RIBAO* in Chinese  
2 Apr 88 p 3

[Article by Guan Yixin (4619 4135 1823): "Several Queries About Ownership"—passages in boldface as published]

[Text] In the course of exploring the reform of the structure of ownership, particularly the transformation and reorganization of the internal structure of public ownership (the mutual relations among the proprietary rights, right of control, and right of operation) with the "separation of the proprietary rights from the right of operation" as the foundation, a key point which should now be clarified is what "possession" is and how the connotation of "possession" is understood. This is an important starting point from which we push reform of ownership forward.

**1. The subject of possession.** People's traditional understanding of the subject of possession is relatively confused. They hold that only the state can possess the proprietary rights. This "seems" correct. The question is: Does an enterprise (a collective) possess them? Does a laborer (an individual) possess them? In the current discussion of the "separation of two rights," a relatively salient "hot point" is that it is either state ownership or enterprise ownership. Many people cannot get out of this predicament of "two difficulties." In this single-stratum method of thinking, no attention is actually paid to the fundamental fact that ownership by the whole people, at least five interested subjects share the possession of the means of production (and the products): the state (central authorities), department, locality, enterprise, and

individual. This is a multistratum compound-type structure of possession. No doubt, each structure of possession and mode of possession differs. The central authorities enjoy "possession" as an ultimate possessor; the department and locality enjoy possession as general controllers (and certain macroeconomic operators); the enterprise enjoys possession as an operator; the individual enjoys possession as a laborer. Obviously, here we do not want to negate the ultimate nature of state possession, nor do we say that the individuals themselves directly control the state property and that the administrative possession by the "vertical lines of division between the central ministries or along the horizontal lines of division between localities" is "rational" but want to put forward such a question: Before acknowledging the possession with different characteristics by all subsidiary systems at the second stratum, whether or not possession by these five interested subjects should be first affirmed is an objective fact and should be regarded as one of the important bases for reform of ownership.

**2. The objects of possession.** Under the influence of the traditional theory of the political economy, people always think that the right of possession is correlative with the means of production; the products made do not count. Is such understanding correct? It may well be asked whether or not a staff member or worker working in an enterprise under ownership by the whole people also possesses the means of production when he acquires consumer goods, namely the possession of products made. I think that it is so. How can a laborer embody his direct possession of the means of production and his direct integration with the means of production if this is not the case? In fact, the means of production are possessed by many strata (this will be specifically discussed below). On the other hand, ownership includes the sum-total of production relations of all links of reproduction and the core is "possession." We cannot hold that as a core, possession is embodied only in the aspect of means of production. So far as private ownership is concerned, this is not unreasonable. Under the conditions of private ownership, whoever "possesses" the means of production "possesses" surplus value, residuary products, and even the right of use of the labor force at the same time. The situation is different under public ownership and we cannot explain the question merely by that fact that the possession of the means of production determines the possession of the means of consumption. The implication of possession at the first stratum is the "sum-total," including the possession of the sum-total of all links; that of possession at the second stratum is then the possession of all links of reproduction, their mutual relations, and so on.

**3. The mechanism of possession.** Can this solve the question if people only generally discuss the proprietary rights, right of control, right of operation, and right of use? Is it necessary to pose the question of the "mechanism of possession?" On the strength of what mechanism can the subjects of possession carry out and realize

possession? Generally speaking, judging from the mechanism, the state, departmental, and regional macroeconomic possession mainly lays particular emphasis on the legally authoritative nature; while the enterprise and individual microeconomic possession lays particular emphasis on the fact and practical use. Hence such varied compound mechanism of possession: the state, departmental, and regional legally authoritative possession in the specific form of acquisition of taxes and profits with direct possession of capital as a premise; the enterprise possession in the specific form of acquisition of profits (a part) after the payment of taxes with production and operation as the conditions; the individual possession in the specific form of acquisition of wages and income (a part of them may possibly be transformed into accumulation capital) with human labor input as the conditions. Apparently, the general strategy of reform should be to slacken legally authoritative possession, to strengthen possession in the course of operation, and to develop possession in the course of labor. Of course, this merely proposes a subject.

**RENMIN RIBAO on Piece Rate, Quota Wages**  
*HK151533 Beijing RENMIN RIBAO in Chinese*  
8 Apr 88 p 5

[Article by Xu Songtao (1776 7313 7118), Zhang Xianyang (1728 7359 2254), and He Xian (0149 2009): "Actively Practice the Piece Rate and Quota Wage Systems"]

**[Text] Why We Should Practice the Piece Rate Wage and Quota Wage Systems [subhead]**

Since the 3d Plenary Session of the 11th CPC Central Committee, we have adopted a series of reform measures in the fields of wages and distribution and achieved some successes. However, most enterprises are still using the system of basic wage plus bonus. Since the increase in basic wage is directly controlled by the state, the differences in actual contributions can only be reflected by the small portion of income from bonus. Thus, by implementing this system, the trends of "everybody eating from the same big pot" and of egalitarianism still exist. The practice of the piece rate wage and quota wage systems is aimed at fundamentally solving this problem and mobilizing the initiative of the broad masses of staff and workers so that production can be further promoted.

China is still comparatively backward in productive forces. Its commodity economy has not been well developed either. In this situation, in the field of distribution, not only should we allow the existence of distribution methods other than the system of distributing according to work, but we should also make the system of distribution according to work suit the demand of the development of productive forces.

There are three forms of labor—latency, mobility, and materialization. Wage distribution should be based on materialized labor. Wage has the functions of guarantee

and stimulation. To effectively give play to the initiative of the laborers, it is necessary to mainly exploit the stimulant function of the wage. Since the piece rate wage and quota wage systems are based on the form of materialized labor, they can better exploit their stimulant functions by closely linking the workers' labor achievements to their incomes.

**Labor Quota and the Piece Rate Wage and Quota Wage Systems [subhead]**

The basis of the piece rate wage and quota wage systems is the scientific labor quota. The so-called labor quota refers to the quantity of work or quantity of labor the workers should accomplish in a certain unit of time, which is decided in light of the characteristics of production in enterprises and the average advanced level of the same business. Apart from the quantity of products, it also includes other comprehensive and unitary quotas, such as quality quota, raw material quota, fuel quota, power quota, consumption quota, expense quota, work hour quota, operation and supervision quota, and service quota. In light of the characteristics of the process of production and concrete work tasks, a collective quota can also be set for workshops or engineering groups.

The piece rate wage system is a system closely linking the labor quota with remuneration. The piece rate itself is based on the labor quota. However, there should be certain conditions for practicing this system. For example, that the quantity of products can be calculated accurately and can correctly reflect the quantity of labor the workers have offered; both the quantity and quality of products are mainly determined by the workers' subjective efforts; and the quality of products is easy to examine. Since the system is restricted by certain conditions, it cannot be adopted by all enterprises and in doing all kinds of work. In those enterprises for which the piece rate wage system is not suitable, and for those work or working procedures to which this system is inapplicable, it is also necessary to link the workers' wages to the quantity of labor they actually offer by adopting various forms of labor quota.

Therefore, all forms of wage distribution based on labor quota can be regarded as quota wages. The piece rate wage is a kind of the quota wage. Implementing the piece rate wage and quota wage systems means that in the enterprises suited to the piece rate wage system, it is necessary to try our best to implement this system, and in those which are not suited to this system, it is necessary to perfect the labor quota system and link the workers' wages to the labor quota. The labor quotas for various production posts can be set according to the nature of the work in general or in a specific field so that there can be a clear target for each production task and so that there can be an objective basis for the incomes of the workers, technicians, and managers.



A labor quota is not unchangeable once it is fixed. To ensure that the piece rate and quota wages are always based on scientific grounds, it is necessary to make frequent revisions of the labor quotas in line with the development of production and science and technology. In the wake of importing advanced technological equipment and the increase in labor productivity, the necessary labor for each unit of products or amount of work will naturally be reduced. Thus it is necessary to readjust the labor quotas in light of economic and technological development so that various production targets can become more accurate and the piece rate and quota wage systems can always be based on scientific grounds.

#### **Total Wage of an Enterprise Should Be Linked to Economic Returns [subhead]**

Reform of the wage system in enterprises can be divided into two parts. One is reform of the relationship between enterprise and state in the field of distribution, and the other is reform of the distribution system within the enterprise. The tasks for the two parts of reform are also different. The former is aimed at linking wages to the result of management, while the latter is aimed at overcoming egalitarianism and mobilizing the initiative of the workers in production. Despite these differences, both reforms are closely related with and supplement each other. Reform of the relationship between enterprise and state in the field of distribution creates conditions for reform of the distribution system within an enterprise and provides the latter with sources of funds. It also provides the enterprise with a material guarantee when selecting a suitable wage system for it.

Where can we find funds for implementing the piece rate and quota wage systems? According to the original regulations, the enterprises were allowed to use less than 30 percent of the total standard wage to pay that part of the piece rate wage that is higher than the ordinary wage payment. This method can help solve parts of the problem concerning the sources of funds for the piece rate wages. However, it has several defects. First, it severs the relations between the workers' income and the economic returns of the enterprise and is harmful to the formation of the enterprise's position as an independent commodity producer. Second, the method of setting an upper limit for paying the piece rate wages within the range of less than 30 percent of the total standard wage is contradictory to the principle of setting no upper limits for both the piece rate and quota wages. Third, the method is also unfavorable to an enterprise rationally setting labor quotas and the piece rate in light of its real situation of management and production and unfavorable to increasing the management level of the enterprise. Therefore, while practicing the piece rate and quota wage systems, it is also necessary to reform the relationship between enterprise and state in the field of distribution. Under the current situation, this means that the total wages should be linked to economic returns.

Linking the total wages to economic returns is an effective way under the current conditions to break with the "big rice pot" existing among various enterprises and to expand the decisionmaking power of the enterprises in the field of distribution. Since 1985, more than 3,000 large and medium enterprises, or 26.4 percent of the large and medium enterprises in the industrial, construction, and communications fields, have successively adopted the method of linking total wages with economic returns. Their developments show that the result of this method is good. It has played a good role in increasing economic returns. If the piece rate and quota wage systems are integrated with the method of linking the total wages to economic returns, the reform of the distribution system within enterprises and reform of the relationship between enterprise and state in the field of distribution will be able to promote each other more effectively. For this reason, all enterprises should try to combine the two reforms if conditions are ripe, so that various measures for wage reform in the enterprises can be implemented in a coordinated manner and so that better results can be achieved in the overall reform.

#### **New Commerce Minister on Price Increases OW180040 Beijing Domestic Service in Mandarin 0200 GMT 14 Apr 88**

[Text] Listeners: The current price problems have puzzled many people. But, to many people's surprise, the newly-appointed minister of commerce, Hu Ping, is optimistic about the situation. During an interview with reporters, he said that after becoming minister of commerce he would direct his attention to reforms in the ministry, and to stabilizing the market.

Hu Ping, 57, had been engaged in planning for a long time. After serving as deputy governor and governor of Fujian, and secretary of the Fujian provincial party committee since 1981, he was appointed vice minister in charge of the State Economic Commission last year. Having served at those posts, he has gained a lot of experiences in handling commercial work from a macroscopic angle. According to his estimates, of the nation's 400 billion yuan of retail sales a year, 300 billion yuan of goods are sold through commercial departments. This means that almost each and everyone in the country has a daily 1-yuan transaction with commercial departments. If their bank deposits are also considered, Hu Ping said, it means that everyone in the country has a daily 2-yuan transaction with commercial departments—1 yuan in hand, the other yuan in the bank.

On commercial reform, Hu Ping said, the first thing to be done is to streamline the organs under the commercial ministry and change their functions. The ministry must strengthen its macroscopic control and establish a modern information system to be well-informed of the market situation, able to deal with deficiencies, and have overall control of the situation in the circulation sphere. It must also assign some people to explore new regulatory channels and establish new regulatory means.



Second, commercial enterprises, in addition to having managers in charge of and instituting contract-based operations, must improve their modern management.

Third, legal and social supervision should be intensified. Hu Ping maintained that commercial legislation should be expedited. Hu Ping hoped that a modern socialist commercial structure with Chinese characteristics can be set up within the next 5 years.

When told that people hope that the new minister of commerce can stabilize commodity prices, the new minister candidly replied that it is impossible for commodity prices to remain unchanged. Instead of expecting a return of the old prices—which is absolutely impossible—we should follow the course of reform, he said. He added: Of course, we must firmly stop reckless price increases, and the policy for price reform must be supported by other measures. Hu Ping predicted that commodity prices will continue to fluctuate in the future, but that every effort will be made to stabilize commodity prices.

**Retail Prices in Urban Areas Continue To Rise**  
*HK180616 Beijing CHINA DAILY in English*  
18 Apr 88 p 3

[By staff reporter Nie Lisheng: "Prices Still Going Up in the Cities"]

[Text] Retail prices in China's major urban areas are continuing to rise sharply this year and mounting consumer complaints.

In the first quarter, the price index of retail sales in 32 large and medium-sized cities registered an increase of 13.4 per cent over the same period last year.

Food prices rose 17.9 per cent in these cities; vegetables alone increased sharply, by 48.7 per cent.

Shanghai reported increases of 19.1 for food and 89 per cent for vegetables; Shanghai ranked 13th and 6th in such price rises in the 32 cities surveyed.

Beijing was the 28th and 24th in the survey; its food and vegetable prices rose by 11.2 and 27.9 per cent, respectively.

Also, senior official of the Beijing Municipal People's Government said the vegetable supply from the city's production bases in nearby suburbs dropped 14.5 per cent in the first quarter. This was partly because of the reduction in acreage under cultivation.

The supply will improve starting next month when the city can expect more from the spring vegetable harvest and from the expanded vegetable plots in outer suburbs, the official said.

The supply was sufficient in the first quarter of this year, reaching a total of 41.45 million kilograms. This was an increase of 38.8 per cent over the same period last year.

Pig-raising in the suburbs also is beginning to pick up. The number of breeding sows more than tripled, to 50,000.

Bank savings by city residents increased 1.18 billion yuan to 10.48 billion yuan by the end of March. the city's total commodity retail sales jumped 28.3 per cent to 5.03 billion yuan in the first quarter, compared with the same period last year.

Goods in short supply included enamelware, matches, soap, toilet paper, colour television sets, cotton underclothes and towels.

The municipal official said the total industrial output value in Beijing increased 15.3 per cent to 9.31 billion yuan, compared with the corresponding quarter of last year. Rural industries kept growing at a rate of 49 per cent in the first quarter of this year.

Of the 110 major industrial products in the city, the production of 76 increased in the first quarter. Automobile and chemical output increased 28.3 and 17.9 per cent, respectively.

**Columnist Views 'Economic Resentment', Reform**  
*HK170700 Hong Kong SOUTH CHINA SUNDAY*  
*MORNING POST in English 17 Apr 88 p 15*

[By Marlowe Hood: "Entrenched Economic Resentment Acts as Stumbling Block to Reform"]

[Text] A young Chinese woman in an unidentified Chinese city recently picked up a men's handbag off the ground near a bus stop. In it she found more than 1,000 yuan (HK\$2,100) in cash, a motorcycle driver's licence, a gun permit and a bundle of receipts and invoices—all the property of a Mr Kong. She went home and wrote the following letter:

"Dear Mr Kong:

I am very sorry to have kept you worried for so many days. The other night I went to see some friends off at the bus stop. I saw a little black bag lying at the foot of a garbage can. I picked it up and stood there, waiting for the owner to return. Three buses passed but no one came for it. So I took it home and checked the contents. There were items and cash worth more than 1,000 yuan.

"I thought of going back to the bus station immediately to wait for you, but I didn't. If this lost bag belonged to a peasant or a worker, I would have returned it to the owner. But, judging by the contents of the bag—all the Japanese cigarette lighters, the licences for your own motorcycle and a hunting rifle—you are obviously a rich

private entrepreneur whose ill-gained wealth has come from cheating your customers and exploiting poor workers like me. Your money has my labour in it.

"You are rich, and yet I work hard and only earn 40 yuan per month. You own a private motor vehicle, yet I cannot afford to even buy a bicycle. You have a hunting rifle, yet I have to think carefully before spending 50 fen (half of a yuan) to buy a toy pistol for my nephew. It really isn't fair.

"It's not because I haven't worked hard enough—No! My factory is in a depressed state. I'm only a minor worker in a little street factory, and live on a meagre income in a house as tiny as a dove cage. I have an old, infirm mother to take care of.

"I don't have a boyfriend because none will have me. I am also a human being. I want to eat better, have better clothes, live in better conditions—but all of this needs money.

Since you have so much money, the amount in this bag does not mean so much to you. To me, it is a fortune. So I am going to keep it for the time being. I will return it when I make my fortune. I am returning your driver's licence and the documents.

"Mr Kong, please forgive me for doing this, but I have no other way out. Prices rise so rapidly, and I have to live. Just think of it as helping a poor woman. You are probably always travelling on business, so please take care of yourself. And don't let this sort of thing happen again, I thank you sincerely for the money.

Yours truly, too embarrassed to sign my name.

This letter—which was published in the current issue of the enormously popular CHINA YOUTH MAGAZINE along with a few reactions—speaks volumes about the obstacles to economic reform in China. It provides a keener insight into the mainstream thinking of China's millions of salaried urban workers than any number of sociological surveys or National People's Congress discussion groups.

A decade of readjustment has not only altered the landscape of China's economy, but the structure of people's values. "This woman's sense of injustice forces a question upon us," commented another worker quoted by the magazine. "As we develop a commodity economy, how can we establish a parallel sense of fairness?"

Blocking the road to a modernised China is something both intangible and powerful: the common person's sense of social fairness and equity. This "moral economy" is rooted in a traditional egalitarianism reinforced by 30 years of Maoist ideology.

Acts of sabotage and extortionist demands made against rural "10,000 yuan" households, commonly reported in the press, are not simply expressions of envy and greed. They reflect a deep sense of injustice.

"When the difference between rich and poor is so great, what is the point of talking about fairness," reads another reaction to the letter. "Of course the woman feels cheated. These days, one earns more wielding a barber's razor than a surgeon's scalpel. How do you expect her to work efficiently in the face of such discrepancies?"

The high tide of enthusiasm for reform, say Chinese researchers, peaked in the middle of 1985. Disaffection has been growing since.

The long march to common prosperity has created a paradox: "The higher the people's wishes for reform, the lower is their evaluation of the existing reform". This is one of the conclusions reached in an unusually penetrating study conducted by the Economic Reform Research Institute late last year.

The widening gap between reality and expectations, and the glaring discrepancies in urban incomes have "caused urban residents to easily formulate demands and wishes which are disadvantageous to reform," says the study. "The dire consequences of the insufficient ideological preparation for reform have begun to appear, adding to the possibility of social instability."

This conclusion is echoed in the woman's letter, characterised by one of the respondents as "a kind of rebellion against unfair policies". Hard working people who don't reap any benefit from their labour are getting mad.

"One of a socialist country's characteristics is distribution according to labour," added the same respondent. "But looking at the woman worker and Mr Wong, can we say this is true?"

What is remarkable about the six reactions published by the magazine—from workers, private entrepreneurs and teachers—is that none of them rejected the woman's argument out of hand. Even the owner of a private restaurant was moderate in this criticism.

"I understand her way of thinking, but it is not reasonable," he wrote. "Private enterprise plays an important role in our economic reforms and meets certain demands, therefore it is quite right that we have a higher income. She only pays attention to the difference in income, not the difference in our contributions to society."

Many people are not yet convinced that such income discrepancies are, in the words of Premier Li Peng and the restaurateur "an inevitable outcome of reform".

Even if this is true, they may not accept it. "We must consider what people's threshold is for such change", cautioned another commentator.

The woman worker reflects a common—and contradictory—aspiration. Chinese today feel they have a right to earn pots of money, but are unwilling to give up the financial and psychological security of the "iron rice bowl". Both encouraged and frustrated by reforms, they are ambitious but risk adversity. It is a potent combination.

The woman's letter is bound to spark an interesting running debate which will further reflect what one study calls "the pluralism of discontent".

It seems economic reforms are not only stalemated between old and new structures, but by the vast number of people who don't think that watching others get rich is so glorious.

**State Treasury Bonds To Become Negotiable**  
*OW161427 Beijing XINHUA in English 1220 GMT 10 Apr 88*

[Text] Beijing, April 10 (XINHUA)—The government will allow open transactions of state treasury bonds at negotiated prices in seven cities this month.

According to People's Bank of China officials, such transactions will be carried out on a trial base first in Shenyang, Shanghai, Chongqing, Wuhan, Guangzhou, Shenzhen and Harbin, and limited to 1985 and 1986 bonds held by individuals.

The practice will then be conducted in 54 cities across China within this year, but all transactions must be carried out in banking offices designated by the People's Bank of China.

The officials believe that the practice will be conducive to the administration of bond-issuing and will check illegal transactions.

All the bond holders including individuals, insurance companies, non-banking organs and foundations can purchase the bonds at negotiated prices.

When necessary, the People's Bank of China will take steps to stabilize the prices.

**Taiwanese Nongovernmental Bank Opens in Zhejiang**  
*HK160309 Beijing ZHONGGUO XINWEN SHE in Chinese 0720 GMT 14 Apr 88*

[Report: "The First Nongovernmental Bank Set Up by Taiwan Compatriots Starts Business in Zhejiang"]

[Text] Wenzhou, 14 Apr (ZHONGGUO XINWEN SHE)—A nongovernmental bank, called the Taiyi Urban Credit Cooperative, started business here the other day.

It is a partnership jointly set up by over 30 Taiwan compatriots and family members of Taiwan compatriots. The bank's managing director Zeng Guoguang said: The greatest objective of Taiyi is to absorb Taiwan's idle funds, to support the enterprises of the family members of Taiwan compatriots in Wenzhou, and to boost the economic development of the native place. The bank will implement a floating interest rate.

Mr Zeng, 64, formerly worked as a plant director at Taiwan's Yutien Metal Joint-Stock Company Ltd. After withdrawing his shares, he settled down in Wenzhou this year. He said: We thank the local government and the People's Bank for their support because, of the 30-odd credit cooperatives submitted to the People's Bank for approval, only Taiyi has been approved, in preference of the others.

There are 18 nongovernmental banks in Wenzhou. They all serve collective units and individual businesses. Since it started business in January last year, the Huajian Urban Credit Cooperative, a partnership set up by returned Overseas Chinese, has received 4,967,000 yuan in deposits and granted 4,770,000 yuan in loans. A dozen or so enterprises run by the returned overseas Chinese in that city have benefited from the bank.

**Staff Cuts Planned in Mines, Power Plants**  
*HK160706 Beijing CHINA DAILY in English 16 Apr 88 p 1*

[By staff reporter Xu Yuanchao]

[Text] Staff in State-owned coal mines and power plants will be cut as part of a move by the new Ministry of Energy Resources to raise labour productivity.

About one-third of the staff in coal mines will be cut gradually and the mines will be restructured to set up regional corporations, said Huang Yicheng, newly appointed Minister of Energy Resources.

He told CHINA DAILY yesterday that coal and electricity enterprises are planned for some areas where thermal power plants are located.

This will also relieve congestion in coal transport, he said. China is rich in coal reserves but insufficient in oil resources. The military will encourage the use of coal for generating electricity.

The present power industry system must be reformed, the minister said. Over-staffed power plants should reduce the number of their workers and raise labour productivity. This will enable power plants to achieve better economic results and workers' income also will be increased.



Earlier this year, the cost for one kilowatt hour of electricity increased by 0.02 yuan. This reduced the industry's dependence on State investment in new power plants.

"This sum of money will be ear-marked as special funds for construction of new power plants and allocated to local authorities," Huang said.

The ministry will try to create favourable conditions for local authorities and work out more flexible policies to encourage them to build more new plants.

It also will reduce construction costs of hydro-electric power stations, cut down unnecessary investment and shorten construction periods.

Construction of nuclear power plants should be standardized, he said. It is unrealistic to build other types of nuclear reactors to replace the water-pressured reactors because of the country's shortage of investment in power industry.

The open coastal area in East China is one of the best-developed regions in China. By 1990, 3,000-megawatts of generating capacity will be added to the East China power grid to ease the power shortage in Shanghai and its neighbouring provinces.

Hainan Island's electricity supply will depend mainly on thermal power plants. No nuclear power plant will be build before the year 2000.

#### **Rural Families Surveyed on Reform**

OW171744 Beijing XINHUA in English 0309 GMT  
12 Apr 88

[Text] Beijing, April 12 (XINHUA)—A recent national survey revealed the majority of China's rural dwellers are satisfied with the country's on-going rural economic reform which started in 1978.

A total of 10,938 rural families in 28 provinces, autonomous regions and municipalities were interviewed in the survey, sponsored by the Rural Policy Research Center of the Chinese Communist Party Central Committee and the State Council's China Rural Development Research Center.

According to the results, 87.4 percent of the rural families questioned support the reform and are pleased with the recent changes. Only 0.8 percent said they were not satisfied with what was happening, and 11.8 percent did not respond.

When asked why they are satisfied with the reform, 90.4 percent said they have more say in production, 57.2 percent feel they have more freedom, and 51.5 percent agree the market is now more active which makes it easier to buy and sell goods. For those not satisfied with the reform, the main reasons were because prices have

gone up on materials needed for production, especially those in short supply, state purchase prices for farm products are too low and the quotas set under contracts are too high, and they have to pay too many fees and charges.

The survey showed most rural families are optimistic about the future and believe the reform will make life better, but only half the families interviewed think the party's rural policies will remain unchanged.

More than 90 percent of the families said their purchase power for food and clothing has improved, while 63.2 percent agree they now live in better housing.

Almost all the families link their improved living standards to the "land use contract responsibility system" which has brought individual initiative into full play.

Of those questioned, 54.8 percent believe the change is the result of more jobs available, 40.2 percent attribute it to a higher agrotechnical level, while 26.9 percent said other external factors helped improve the standard of living.

Of the families surveyed, 3.9 percent said their standard of living has gone down because they found they lacked production experience after contracting land, they were short of labor power, they had no other way to become prosperous except by farming, and they had suffered natural disasters.

According to the survey, 96 percent of the families agree they have enough to eat and wear, and of these families 34.2 percent consider their incomes high, 5.6 percent say they earn above average incomes, but four percent say they still do not have enough food and clothing.

When asked what they spend their money on, more than four-fifths of the families said they use extra money to boost production, 69.5 percent are saving to build new houses, 58 percent want to enjoy life more, 36.6 percent pay for their children's weddings, and 30.5 percent want to buy electrical appliances and furniture.

When asked about grain production, 52 percent of the families said they are willing to produce more, 26.2 percent say they just want to be self-sufficient in grain production, 18 percent said they will grow grain only if they don't have another job, and 2.7 percent want to cut their grain-growing area or stop growing grain because it is not profitable.

The survey showed at the end of this January, the 10,938 rural families interviewed had an average of 1,365 kilograms of grain in store, and 55.2 percent had grain for sale.

Survey participants were also asked their opinions on the appraisal of rural officials, selecting professions, ways to earn more money, cultural interests, and expectations for their children.

**Speed of Port Development Criticized**  
*HK180618 Beijing CHINA DAILY in English*  
18 Apr 88 p 4

["Opinion" column: "Port Development Too Fast, Too Soon" — passages in boldface as published]

[Text] The development of China's coastal ports has been on a fast track over the last eight years. About 280 berths have been added and the total traffic of ports have doubled.

But the development is bought at too high a price. Huge waste sits behind many new berths and new ports, said the author of an article in ECONOMIC DAILY who made an investigation of ports along the coast from Northeast China to Shanghai. Excerpts follow:

The 10,000-ton Yingkou Port in Northeast Liaoning Province was built especially for unloading coal. But since it was completed more than a year ago, the 340 million yuan dock has not been used for the designed purpose.

To make the dock of some use, 1.5 million yuan was recently spent to blast away part of the port and rebuild it so it can be used for loading and unloading other goods. Each year, the State spends over 3 million yuan to maintain the useless port and the two 10,000-ton dump ships lying idle in the harbour.

Insufficient feasibility studies before the construction of the port is the cause.

The purpose of building the Yingkou Port was to transport coal from the country's largest coal producing province of Shanxi, to the Northeast, where coal was in short supply. Railway transport could not do the job alone since its capacity was limited. The plan was to have coal shipped by cargo trains from Shanxi to the port of Qinhuangdao, and then shipped by water to Yingkou.

But things changed when the port was finished. A great number of small coal mines in the Northeast began turning out coal, which eased the fuel shortage in the area considerably, and the railway increased its transport capacity as a result of reforms in the railway management. These changes left the port jobless.

The building of some large berths proved to be another mistake. With two 100,000-ton berths, the Shijiusuo Port in southern Shandong Province is designed for traffic of 15 million tons of coal annually. But in the four years since it began operating, the port received only one 100,000-ton ships, the rest were all smaller ones.

An official from the local port administrative bureau explained that most coal ships—domestic or foreign—are below 50,000-ton. Now, small ships anchor at the large berths, and the unloading efficiency is low because they don't match up.

**Backing Force [subhead]**

Similar problems brought about by unrealistic development ideas exist in many other docks.

In Tianjin Port, the four berths especially for containers can handle 400,000 containers a year. But in the last two years, only about 200,000 containers were loaded or unloaded there, leaving two thirds of the facilities unused.

The layout of coastal ports should be in accordance with the economic power and needs of interior areas. But this principle is not followed. The weak backing force for Shijiusuo Port is another reason for its under-employment.

Situated 100 kilometres apart, Shijiusuo Port and Lianyung Port—an old one in Jiangsu Province—are both mainly for transport of coal. When Shijiusuo Port was completed a few years ago, Lianyung Port diverted a portion of its traffic to the now neighbour, and now neither of the two ports are fully used.

The new railway linking Shijiusuo Port and the interior areas runs almost parallel with the old one between Lianyung Port and the middle of the country. As the old railway has a much longer history and has always been an efficient line, the new railway—together with the new port—are a bit redundant, at least for now and the near future.

It's not fair to say that nobody was wise enough to foresee the results ahead of time. Many specialists voted against the construction of Shijiusuo Port, suggesting the funds be used to expand and improve Lianyung Port. However, some bureaucrats who had the decision-making power refused to listen.

Since government funds are limited, more should be allocated to the expansion and technical renovation of old ports which have abundant sources of goods from interior areas.

The State and some leading officials must stop their craving for big and more modern ports. Those who stress far-range effects must not ignore the circumstances and the present economic conditions. To be more realistic should be the least they can learn from past mistakes.

**Daily Discusses Ways To Solve Water Shortage**  
*HK160215 Beijing RENMIN RIBAO in Chinese*  
13 Apr 88 p 4

[Article by Chen Jian (7115 0256): "Under the Shadow of 'Water Shortage'—Comments on Water Resources for Agricultural Use in Northern China"]

[Text] "Water Shortage" Is Becoming Increasingly Serious [subhead]

For various reasons, there have been fluctuations in China's grain production for the last 3 years. In northern regions of the country, an obvious reason is that water resources are becoming scarce. Last year, wheat production dropped by 1 billion kg in Hebei due to drought, and total grain production in Shanxi dropped by about 1.5 billion kg as compared to that in the record year of 1984. Provinces like Henan, Shandong, Nei Monggol, and Liaoning have been under the threat of a water shortage over the last few years. Water resources are abundant in southern China and during summer but are scarce in the northern part of the country and during winter. This has been a natural factor causing instability and imbalance in the country's grain production.

Baiyangdian in Hebei Province, formerly known as the "pearl of northern China," has now become a dry land. As revealed by the observatory, the province has been suffering drought for 23 years since 1965; the province's per capita possession of water ranks last in the country because of a rapid population growth and a sharp decline in water resources in the province; utility of surface water is as high as 87 percent, four times the country's average; the flow of fresh water into the sea has reduced from 5 to 6 billion cubic meters in the past to the present volumes ranging from 200 to 600 million cubic meters; underground water "funnels" have taken shape in over 30 areas of the province as a result of excessive extraction of underground water; the drought-afflicted areas throughout the province generally total between 20 and 30 million mu each year, but topped 35 million mu last year; millions of people are short of water; and the annual water shortage has risen to 10 billion cubic meters. The latest report compiled by a research office of the provincial party committee points out: "Water shortage in Hebei is a foregone conclusion. Now the entire province has fallen deeply into a water crisis, and this crisis is deteriorating with each passing day."

Shanxi Province is facing a similar situation. Last year, Qian Zhengying, minister of water resources and electric power, strongly appealed to the public after making an investigation in Shanxi: "The contradiction between supply and demand for water has become very serious in Shanxi Province, and this problem must be put on the agenda of the state plan." The province has found it impossible to free its winter wheat production from the threat of drought in recent years. The province registered less rainfall in 1986 and 1987 than in common years. What is even worse is that drought frequently occurs at a

critical time when the crops need water badly. Rainfall from September to November 1986 in the wheat producing areas of the province was recorded at 25 to 160 mm. Wheat production continued to drop the following year despite people's efforts.

We Should No Longer Expand Irrigated Fields as We Like [subhead]

For a long time in our country, water has been "gratuitously" used for agricultural production. This also happens even in regions running short of water. For example, a large number of production bases requiring high consumption of water have sprung up in northern regions of the country where water resources have run short: In the industrial field, there are energy, metallurgical, and heavy chemical industries; in the agricultural field, there are crop lands requiring a large irrigation network. As a result, water resources in these regions are becoming increasingly scarce. Some people in economic circles pointed out bluntly that the low water prices in northern China cannot help stop the waste of water at all. Therefore water resource surcharges should be fully added to the prices of agricultural and industrial products in this part of the country.

There is also a problem of how to treat water with regard to strategic guidelines for agricultural development in northern China. Evidently, the traditional habit of expanding irrigated fields for the purpose increasing grain output needs to be changed.

Expanding irrigated lands on a large scale contradicts the poor water resources in northern China. Now 80 percent of water in northern China is for agricultural use, and flood irrigation is a method causing a major waste of water. As pointed out by some experts, the 170 million mu of irrigated fields in northern China need 10.2 billion cubic meters of water for irrigation on one occasion, equivalent to 40 percent of water for industrial use throughout the country. The excessive expansion of irrigated fields has been due to the low prices of water.

A call has long been issued for saving water for agricultural use and for introducing dry farming, but it is unlikely to be disseminated in the course of actual production. The crux does not lie in a lack of a proper understanding of the importance of saving water for agricultural use or in the immaturity of dry farming technology, but in the fact that water prices are too low, which has led to the excessive expansion of irrigated fields. Because the underground water levels in northern regions of the country have lowered, the costs for sinking wells and irrigation are rising. Moreover, water shortage has brought about water price rises. In such cases, the expansion of irrigated fields will need more money. In this sense, it is normal that northern regions in China have started reducing their irrigated fields.

Preserving the Moisture of Dry Fields [subhead]



Is there no way out for agricultural production under the shadow of "water shortage"? There is.

Huguan County in Shanxi Province has devoted its efforts to "carrying out farmland capital construction, preserving the moisture of the soil, sowing in good time, combating drought, and planting trees," thereby resolving the problem of food by fully utilizing its farmlands.

The Wanggong village of Tunliu county, Shanxi Province, started introducing dry farming technology in 1978. Since then it has been able to maintain a stable output of 500 kg of dry corns. When serious drought hit Shanxi in 1986, the village registered a per mu output of 645 kg of corns.

Therefore the research personnel of the Shanxi rural development research center made this conclusion: The reason for the low-yield nature of dry farming is the failure in applying appropriate dry farming technology; the blame should not be laid on the dry natural conditions. Dry fields can become high-yield lands so long as we are diligent in levelling them, in carrying out deep ploughing, in applying manure, in preserving their moisture, and in storing summer and autumn rain water in the soil. With a job well done in dry farming, every mm of rainfall will help increase grain output by 0.4 kg, and this will enable the entire Shanxi Province to increase its grain production by 3 billion kg!

Dry farming has been practiced for quite some time and has shown its strong vitality in practice. But progress has been a little slow for the last few years. People on the loess plateaus are busily engaged in dry farming, but those in the northern Chinese plains are not willing to accept this method but are instead bent on flood irrigation. The reason does not lie in the immaturity of dry farming technology, but people in the northern Chinese plains lack a proper understanding of the fact that "water is as precious as oil" and "water is priceless treasure."

The structural adjustment of crop planting is quite beneficial to the work of combating drought. Langfang Prefecture of Hebei Province assists specialized households in running orchards and growing peanuts, beans, and grass along the Yongding River. As a result, the annual increase rate of agricultural output value in this area is 3.5 times the prefecture's average. The peasants have benefited from their activity of overcoming drought. It is gratifying to note that this benefit has been obtained with the improvement of ecological conditions. On this issue, this reporter asked some experts from the relevant department: Is the large-scale development of orchards and industrial crops (such as peanuts and cotton) more suitable for northern China than the expansion of high-yield grain fields? The answer is affirmative.

Dry crops provide water for dry fields, so dry fields contain water. There is no reason to be pessimistic about the drought in northern China.

### East Region

#### Anhui Province Seeks More Foreign Investment *OW172021 Beijing XINHUA in English 0641 GMT 13 Apr 88*

[Text] Hefei, April 13 (XINHUA)—The authorities in Anhui Province, east China, are to offer preferential terms to foreign investors in a bid to attract more foreign investment. The province has set itself the target of raising 450 million U.S. dollars in the 1986-1990 period. In the last two years, the province has absorbed about 150 million U.S. dollars of foreign investment.

The sectors where new investment is being solicited include mining, energy, food processing, textiles and tourism. Altogether Anhui has listed 70 projects for foreign investment.

An official from the province said that preferential tax terms will be offered and management procedures simplified.

#### Foreign Investment in Fujian Increases *OW151219 Beijing XINHUA in English 1518 GMT 9 Apr 88*

[Text] Fuzhou, April 9 (XINHUA)—Coastal Fujian Province approved 127 foreign-invested projects involving a total of 208 million U.S. dollars in the first three months of this year.

The number of projects was 59 percent of last year's total, but the money involved was 1.8 times the total, said an official from the provincial Economy and Trade Commission.

The increase was attributed by the official to a more flexible policy toward foreign investment and an improvement in the investment conditions.

The provincial government has worked out new regulations to grant more autonomy to foreign-funded enterprises and simplify procedures for the convenience of investors, the official said.

Fujian has also spent a large amount of money on improving transport and communications facilities and the supply of energy.

In order to facilitate investment, the province has set up a data bank storing more than 300 items proposed for foreign cooperation.

The official said that a committee has been organized to oversee foreign investment affairs, and its authority will greatly save foreign investors much time and energy.

#### Fujian Works on New Export Processing Base *OW172110 Beijing XINHUA in English 1129 GMT 13 Apr 88*

[Text] Fuzhou, April 13 (XINHUA)—Fujian Province's Zhaoan County is speeding construction on an export-oriented base for the area's processing industry.

The new trade and processing base set up along the Fujian and Guangdong border has been designed to pull in both domestic and foreign investment for the local processing industry.

The base will include special and general factory facilities, warehouses, commercial centers, markets, restaurants, offices and housing.

The site is easily accessible by road to Fujian and Guangdong Provinces, and to set up the base is expected to cost 150 million yuan (40.5 million U.S. dollars).

To date, 29 million yuan (7.8 million U.S. dollars) has been spent on building 13,000 square meters of living space, with basic utilities, including water and electricity and traffic facilities also near completion.

#### Han Peixin Returns to Jiangsu From NPC Session *OW171344 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 15 Apr 88*

[Excerpt] The provincial delegation headed by Han Peixin returned to Nanjing by special plane this morning after attending the First Session of the Seventh NPC in Beijing. Responsible persons of the Jiangsu Provincial CPC Committee, the Standing Committee of the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and departments concerned, including Chen Huanyou, Li Zhizhong, Xing Bai, Luo Yunlai, Chen Zonglie, and Liu Xinghan welcomed the delegation at the airport. [passage omitted]

#### Shandong Village Women Boost Skills, Incomes *OW150444 Beijing XINHUA in English 0310 GMT 15 Apr 88*

[Text] Jinan, April 14 (XINHUA)—East China's Shandong Province now boasts about 71,000 female technicians in its rural areas, and these women have become the region's pioneers in raising incomes by their own efforts.

This was revealed by Liu Peiyong, an official from the province's Women's Federation. Liu said that nowadays it has become common for village women to learn practical skills.

In the past, farming women in the province merely engaged in household chores as traditionally it was believed that women could do nothing more, said Liu.

Since 1985, when the province launched a campaign to help farming women learn technology in the fields of planting, animal breeding, cooking, and dressmaking, about 1.2 million women have volunteered for various training courses.

To date, 95 percent of the 2 million village women who are engaged in commercial production in the province have gained some mastery of a least 1 type of skill. In Changqing County, 50,000 of them now earn over 1,000 yuan annually, much higher than the average rural income.

Liu said that young, middle-aged, and old women were trained at three practical levels, respectively, and this has proved to be an effective method of transferring skills to them.

**Zhejiang Rural Enterprises Boost Economy**  
*OW180424 Beijing XINHUA in English 0654 GMT*  
15 Apr 88

[Text] Hangzhou, April 15 (XINHUA)—Farmer-run enterprises are emerging as an economic force in Zhejiang Province. Many have now started successfully exporting their products.

According to provincial officials, more than 50 enterprises run by farmer entrepreneurs now have annual export earnings of more than five million yuan.

One shoe factory in Ou Hai County, which was set up three years ago with an initial investment of 78,000 yuan by 26 farmers, earned 10 million U.S. dollars in export earnings last year.

Most of these enterprises first started selling in the domestic market. This helped to boost the overall contribution of rural enterprises to the local economy. The output of rural industrial enterprises last year was 40.3 billion yuan, accounting for half of the province's total industrial output.

But, increasingly, these enterprises have been turning to the international market. Most of their exports, which have to be sold through national or provincial trading corporations, are mainly textiles, handicrafts, electrical machinery, garments, chemical products, livestock products, and minerals.

Many enterprises have imported more advanced machinery from abroad to increase output and improve quality. The provincial authorities have now granted some of them the right to handle their own exports directly.

But problems in management and getting qualified staff are still inhibiting the progress of some of these enterprises, said Zhang Qingyong of the Ou Hai Shoe Factory.

**Central-South Region**

**Guangdong Trains Foreign Enterprise Managers**  
*OW161744 Beijing XINHUA in English 1544 GMT*  
16 Apr 88

[Text] Guangzhou, April 16 (XINHUA)—Guangdong Province has started a program to train senior Chinese managers to take up posts in foreign-funded enterprises.

An official of the provincial Personnel Bureau said the one-month training class is being attended by 100 chairmen, vice chairmen, directors, factory directors and general managers.

They will study China's open policy, foreign economic laws and regulations and import and export business and be given a basic training in management of foreign-funded enterprises.

Guangdong has more than 6,000 foreign-funded enterprises, accounting for about three-quarters of all such enterprises in China.

These employ about 120,000 Chinese managers and senior technicians including 20,000 directors, general managers, chief engineers, accountants and auditors.

But many lack a proper management training and have little or no knowledge of foreign economic laws and regulations.

The provincial Personnel Bureau plans to train all managers and technicians in foreign-funded enterprises within two to three years.

**Guangdong Urges Speeding Up Rural Reforms**  
*HK170145 Guangdong Guangdong Provincial Service*  
*in Mandarin 1030 GMT 15 Apr 88*

[Text] A 5-day Guangdong provincial forum on rural structural reforms concluded in Zhaoqing City today. Guo Rongchang, deputy secretary of the provincial party committee, delivered a summation. Vice Governor Liu Weiming made a speech. The meeting called on the province to further emancipate the mind, speed up the pace of rural structural reforms, and promote the liberation of the productive forces and the prosperity of commodity economy.

The meeting focused on county-level comprehensive structural reforms. It focused on especially structural reforms in the agricultural, forestry, and water conservancy organs, undertakings, and units, and the question of land operations on a substantial scale.

The meeting held that rural reforms in Guangdong have progressed from reforms centered on the household-contracted-responsibility system with payment linked to output, to reforms focused on the establishment on a sound basis of a socialized services setup.



The meeting called on the province to do a good job in county-level comprehensive reforms in line with actual local conditions, harmonize relations between different levels, areas, and departments, do a good job in integrating the urban and rural areas, change the functions of the organs, and streamline the organs and improve their work efficiency.

**Guangdong Meeting Stresses Family Planning**  
*HK170211 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 16 Apr 88*

[Text] Vice Governor Ling Botang pointed out at a provincial family planning work conference, which concluded today, that, for the economy to develop, the population must be controlled. The conference also concluded that the expression of family planning work in serving the national economy lies in improving average economic levels.

Ling Botang said that Guangdong is now in a peak birth period, and the situation in population control is very rigorous. This year the provincial government has decided that the province's natural population growth rate must be kept below 12 percent [as heard]. The party committees and government at all levels must synchronously carry out population control, economic development, and deepening of reforms. Economic and population plans must be implemented simultaneously. It is necessary to further perfect the contracted responsibility system for population plans, and integrate this system with the system of responsibility for targets to be met during a cadre's term of office. This should be regarded as an important condition in examining the work and achievements of leadership groups.

Ling Botang said: The focal points in family planning work in the province this year are to strictly enforce the policy of allowing urban cadres, staff and workers, and residents to have only one child; and in the rural areas, to put a stop to early marriage and child-bearing and of having more children than allowed. It is also necessary to strictly enforce the policy of arranging the birth of a second child strictly in accordance with the population plan target and the proper interval between births.

**Guangdong Meeting Opposes Early Marriages**  
*HK170147 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 15 Apr 88*

[Text] Our reporter (Wu Qing) learned from the provincial conference on doing away with outmoded marriage customs, which concluded today, that the late marriage rate has declined in Guangdong in recent years; and early marriage and child-bearing have become more common. In 1986 alone, 30,000 people gave birth illegally before reaching the legal marriage age.

The meeting held that the main reasons for the phenomenon of early marriage and child-bearing are: First, the number of people getting married in recent years has

been constantly on the rise. Second, old concepts of feudal ideology such as having sons early and enjoying ease and comfort early still exist. Third, in recent years certain departments in charge have failed to attach enough importance to this problem.

In view of this phenomenon, the meeting urged that doing away with outdated marriage customs be listed in the comprehensive plan for building spiritual civilization. It is necessary to further step up comprehensive measures to deal with illegal marriages, strictly enforce the marriage registration procedure, and put a stop to fraud and deception in marriage registration. It is also necessary to ensure that the marriage registration rate and the late marriage and child-bearing rate will rise and that irrational expenditures on weddings and the number of illegal marriages will decline.

**Shenzhen Economy Grows in First Quarter**  
*OW172044 Beijing XINHUA in English 1225 GMT 13 Apr 88*

[Text] Shenzhen, April 13 (XINHUA)—Shenzhen Special Economic Zone reported an overall economic growth in the first quarter of this year, XINHUA learned today.

According to the city Economic and Social Development Committee, its industrial output value totalled 1.47 billion yuan, up 44.8 percent over the same 1987 period.

The retail sales volume came to 1.063 billion yuan, a 39 percent growth.

The combined volume of import and export reached 1.14 billion U.S. dollars, 61.6 percent over the corresponding figure for 1987. Included were 559 million U.S. dollars in exports, up 87.9 percent.

The city concluded 113 agreements for using foreign investment between January and March, and these involved 80.76 million U.S. dollars, up 150 percent over the same period of last year.

**Guangxi Foreign Investors Get Priority Treatment**  
*HK180845 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 18 Apr 88 p 1*

[By staff reporter Dai Beihua: Nanning's Policy Lures Foreign Funds"]

[Text] Nanning—The Guangxi Zhuang Autonomous Region in South China on Friday announced that it will give preferential treatment to encourage more foreign investment in its material processing industry.

A new regulation, which includes 16 preferential items, will enable foreign investors to invest more and gain more profit in Nanning, the capital and the most advanced light industry city in the autonomous region, Mayor Gan Xiangmeng said.

Foreign investors, including those from Hong Kong and Macao, will be able to enjoy local tax-free and tax-reduction policies. Individuals who introduce material processing investment into the city will be rewarded.

The municipal government estimated that the volume of material processing will increase by more than 17 times.

Lin Yiji, director of the Nanning Foreign Economic Relations and Trade Committee, said the city originally planned to attract \$5 million of material processing business this year.

"Negotiations between Chinese enterprises and foreign investors have been going very smoothly this year," he said. "It is now estimated that the total volume of material processing will exceed \$10 million in 1988."

Nanning, the centre for Guangxi's politics, economics, science and culture, opened its door to foreign countries and regions in 1979. Now, 41 joint ventures have been set up and contracts worth \$4.5 million have been signed.

In recent years, about \$5 million in foreign investment has been used to develop the city's electronics, plastics, food processing and machinery industries. The investment, along with the imported equipment and technology, have greatly improved light industry in the city, Lin said.

The city started doing material processing for foreign companies in 1986. Although the total volume of business was only \$300,000 last year, the enterprises involved found they greatly benefited.

About 30 enterprises in clothing, toys, plastic ware, electrical and other office supplies have been engaged in the material processing business with foreign firms since 1986. In the past two years, they have made a profit of \$2 million.

Equipment in more than 70 percent of the city's clothing and electronics factories has been renewed. The enterprises have increased production and improved quality. Clothing made in the city has found markets not only in China, but also in Europe.

Nanning, rich in natural resources of ore, coal, grain and fruit, is taking big steps to improve its investment environment and attract more foreign funds to speed up its economy, the mayor said. So its 960,000 people, including 30 nationalities, will live an even better life, he said.

**Henan Article Urges Shifting Labor Force**  
*HK160659 Zhengzhou Henan Provincial Service  
in Mandarin 1230 GMT 15 Apr 88*

[Text] (Bian Mingjun) of the provincial Finance Department and (Ji Anbang) of Zhengzhou University recently wrote a joint article proposing that Henan should currently adopt a development strategy of shifting its labor force. The article also proposed that Henan organize and guide the shift of rural laborers, to increase the income of some of the surplus laborers and help the township and town enterprises to accumulate capital for development.

At present the shift of surplus rural laborers in Henan is only being done on a voluntary basis. Deductions in labor income from laborers going elsewhere to work are made at various levels, by the units where they work, foremen, and so on. Most of this income is spent on living expenses, not on productive investment. We must take effective steps to guide the flow of surplus rural laborers; they can go outside their county, prefecture, and province, and can also go to foreign countries. We should carry out scientific forecasts of the flow of surplus rural laborers. Various forms should be adopted to enable them to master some practical technology, so as to improve their quality. We should promote the rational flow of surplus rural laborers.

The income from the outflow of labor should as far as possible be invested in township and town enterprises, to solve the problem of their development capital sources. Some of the surplus rural laborers should be absorbed locally in nonagricultural sectors.

Such a benign cycle would greatly speed up the province's economic development. And the province's economy may be able to gain a firm footing both inside and outside the province and even in the coastal regions, and gradually advance toward the international market.

By using the income derived from the international and domestic markets by the township and town enterprises, we will be able to speed up the development of Henan's primary industries and infrastructure such as energy, communications, raw materials, telecommunications, and so on, gradually evolve from a low to a high level of production structure, and turn Henan into an internal province with relatively well developed economy.

**Hunan Secretary Attends Commemoration Meeting**  
*HK151218 Changsha Hunan Provincial Service  
in Mandarin 0100 GMT 15 Apr 88*

[Excerpt] The Changsha City party committee and city people's government yesterday morning held a commemoration meeting to mark the 70th anniversary of the founding of the Xinmin Society. The meeting also marked the formal opening of the site of the inaugural meeting of the Xinmin Society as well as the formal opening of (Cai Hesen's) former residence.



Over 200 people attended the commemoration meeting. Among those who attended were Li Rui, member of the Central Advisory Commission, Mao Zhiyong, secretary of the provincial party committee, Yang Huiquan, vice governor, Chen Yufa, Standing Committee member of the provincial Advisory Commission, and Wang Zhongfu and (Zheng Zaoxuan), secretary and deputy secretary of the Changsha City party committee. [passage omitted]

### **Southwest Region**

**Guizhou Surveys Spring Farming Funds Shortage**  
*HK180749 Guiyang Guizhou Provincial Service*  
*in Mandarin 2200 GMT 17 Apr 88*

[Excerpts] A sample survey made by the provincial team for surveying urban and rural areas shows that the peasants' spending a lot of money on banquets and gifts constitutes a major reason for the current shortage of funds for spring farming in the rural areas of our province.

The provincial team for surveying urban and rural areas recently made a survey of the Spring Festival practice of giving banquets, sending gifts, and displaying extravagance and waste among a total of 880 peasants households in 12 counties including Zunyi and Kaiyang. The results of the survey show that this practice is relatively common among the peasants and is actually becoming an increasingly serious problem. There are all kinds of pretexts for giving banquets and sending gifts. This practice has developed to an unbearable point. [passage omitted]

According to a survey of 80 peasant households in (Wengqi) Township and 3 other townships in Sinan County, during a 33-day period around the Spring Festival, the per household expenditure on giving banquets and sending gifts reached 72 yuan. One of the 88 peasants households spent as much as 334 yuan on giving banquet and sending gifts.

The results of the survey made by the provincial team for surveying urban and rural areas show that the peasants' practice of wasting a lot of money on extravagant banquets and gifts and the sharp reduction in their accumulation of production funds will soon show adverse effects on agricultural production.

**Guizhou's Hu Jintao Comments on NPC Session**  
*HK160621 Guiyang Guizhou Provincial Service*  
*in Mandarin 2300 GMT 15 Apr 88*

[Excerpts] Guizhou's deputies to the First Session of the Seventh NPC returned to Guiyang by plane on 15 April. [passage omitted]

Hu Jintao, secretary of the provincial party committee and an NPC deputy, said when interviewed by a station reporter on his arrival: The First Session of the Seventh

NPC was extremely successful and made a profound impression on me. This was a very open congress. During the congress, on behalf of the 30 million people of Guizhou, we fully reflected the views and demands of various sectors. There was a heady democratic atmosphere at the congress, and deputies freely aired their views in discussing the national guiding principles. Making reforms dominate the overall situation, the deputies seriously discussed the question of further emancipating the mind, deepening the reforms, and developing the productive forces. We believe that implementing the guidelines of the congress will greatly spur all work in the province. [passage omitted]

**Sichuan Urges Accelerated Development**  
*HK170237 Chengdu Sichuan Provincial Service*  
*in Mandarin 0100 GMT 16 Apr 88*

[Excerpts] The provincial party committee and government recently issued a joint notice on speeding up development in the poor areas of the province, in order to further mobilize and organize the forces of all sectors of society to strengthen the inherent vitality for economic development in the poor areas, speed up the pace of extricating them from poverty, and steadily resolve the problem of food and clothing for the poor population during the seventh 5-year plan.

The circular points out: To ensure that support for the poor is properly firmed up, apart from organizing the provincial departments concerned to provide counter-part support for poor counties, the provincial authorities have decided that specific tasks for resolving the masses' food and clothing problems must be firmed up for county party committee secretaries, county governors, the leading county cadres in charge of support for poor areas, directors of county development offices, and directors of agricultural banks. The counties will proceed to firm up responsibilities for the principal cadres of the townships and villages, with contracted responsibilities drawn up at all levels. Periodic examinations will be carried out and rewards or punishments dealt out.

The provincial authorities will carry out an annual examination of the counties' work of supporting poor areas. Counties that have resolved the masses' food and clothing problem within a set time will be given a 10,000 yuan reward, after the provincial Development Office and the departments concerned have carried out inspection and verification. The county officials responsible for supporting poor areas will be rewarded by promotion to a higher salary grade.

The circular stresses that this year it is essential to vigorously rely on the agricultural-industrial-commercial economic entities and the service organizations to carry out a comprehensive accounting of capital, technology, and management experiences for the poor households, to provide pre- and post-production services, and to undertake contracts in supporting the poor. [passage omitted]



Loans for supporting poor areas must first be used to promote developmental agriculture for solving the masses' food and clothing problem. Only after that should industrial projects be considered. [passage omitted]

**Joint-Venture Leasing Company Opens in Sichuan**  
*OW161449 Beijing XINHUA in English 1430 GMT 10 Apr 88*

[Text] Chengdu, April 10 (XINHUA)—China will launch a southwest China international leasing company in this capital of Sichuan Province next month, XINHUA learned today.

The company will be the first for China's southwest which encompasses Sichuan, Guizhou and Yunnan Provinces and the 17th for the country. It is a 20-year joint venture between four Sichuan firms and two Italian firms — National Bank of Labor and Locafit Industrial Equipment Leasing Co.

It has a registered capital of eight million U.S. dollars, with 5.6 million U.S. dollars from the Chinese side and 2.4 million U.S. dollars from the Italian side. According to a company official, it expects an annual business volume of 30 million U.S. dollars.

The company will undertake leasing of machinery, trucks, meters and instruments and import businesses on orders of clients.

**New Chengdu Pawnshop Faces Criticism**  
*OW171202 Beijing XINHUA in English 1141 GMT 11 Apr 88*

[Text] Beijing, April 11 (XINHUA)—The opening of a pawnshop in Chengdu, the capital of Sichuan Province, left many people very surprised because this type of business had not been heard of for decades.

Not only are some of the city's senior citizens critical of the new shop, some young soldiers now stationed at the city who have never seen a pawnshop hold similar views.

"Pawnbroking was wiped-out along with prostitution and gambling in the early 1950s," said a soldier. "I was surprised that our division supported the shop by giving it space in an air-raid shelter to use as a warehouse."

"Pawnshops should only exist in capitalist countries like Japan and the United States, and they should not be allowed in socialist countries like China," another soldier from the same barracks said.

To help dispell the young soldiers' misgivings, an Army officer took some of his men to visit the shop, which has been doing a big business since it opened last year.

Pawnbroker Zhao Keqiang tried to convince the doubtful soldiers by showing how individuals and even some enterprises are now able to get out of financial distress thanks to the shop's services.

After hearing Zhao's explanation, one soldier asked about the shop's interest charges, which were quoted at a monthly interest rate of 6 percent plus a 2 percent storage charge.

Some people are critical of the shop because they believe it exploits pawnors with high interest rates, when the state issues loans at an interest rate of 1 percent.

To this criticism Zhao replied, "getting loans from the state is not easy for individuals, especially private business people, because of tight policies."

"Here people can easily get the money they need," Zhao said, "and we have to charge higher interest rates because we are a collectively-run shop which couldn't survive without the income."

"So far, we can just manage to keep the shop open and offer our employees a minimal salary," said Zhao.

According to Zhao, some private business people have to pay even higher interest rates to private money lenders.

**Dalai Lama Views Chinese Policy in Tibet, Riots**  
*PM151034 Paris LE MONDE in French 14 Apr 88 p 6*

[Jean-Claude Buhner dispatch: "I Would Like To Meet Tibet's So-called Leaders"]

[Text] London—"The Chinese have a right to happiness and well-being, but not at the Tibetans' expense." The Dalai Lama seems just as determined to follow his principles and just as open to dialogue 1 month after the last riots in Lhasa. Tibet's spiritual and temporal leader, who has been living in exile in India since 1959, arrived in London for a private visit at the very time when a British parliamentary committee was publishing a critical report on Chinese human rights violations in Tibet. But he was immediately asked by the Foreign Office to refrain from commenting on political affairs, to avoid offending the Chinese.

In the interview which he granted us, he said he thinks that there is nothing new in the recent Chinese overtures made to him through the Panchen Lama—the second most important Tibetan Buddhist dignitary, who lives in Beijing. "It sometimes seems," he explained, "that the Chinese are showing a more moderate, open, and tolerant attitude, while, at the same time, they are tougher and more inflexible. It is too soon to give a final answer. The situation in Tibet is still tense. I appreciate the fact that the Panchen Lama, who is my friend, is concerned about my fate and is making it known that I could live in

Tibet provided I abandon all ideas of independence. But, this is not the essential issue. If the Panchen Lama was living in a free country, as I am, it would be different."

In addition, Beijing is also demanding that the Dalai Lama must accept Chinese citizenship before he can return to Lhasa. "I am Tibetan," he said with a laugh, "and I will remain Tibetan. But, even if the Chinese persist in refusing to understand this, it is clear to all that a Tibetan can only be a Tibetan."

#### No to Violence [subhead]

Following the recent incidents in Lhasa, he is worried by the rise in violence. "On the one hand, I admire the courage and determination of the Tibetans, who took to the streets to say what they think, in some cases at the cost of their lives. Unfortunately, this is necessary in view of Tibet's desperate situation. Unless the Tibetans themselves express their feelings, the outside world and even the Chinese leaders will not be aware of them."

But, he still thinks that the Tibetans must not allow themselves to be drawn into violence. "Some people think differently and think that violence is the only way of making their voice heard. I admit that there is some logic in that, but it is not the way I see things. If the situation were to get out of control and deteriorate, if I could no longer control it, I would simply have to abandon my pledge to lead the liberation movement."

However, the Dalai Lama has not despaired of finding the beginnings of a solution—a middle course which would bring the two sides closer together. Are the Chinese capable of understanding this approach? "I think so," he replied, "but it takes time. It is worth trying. The five-point plan which I put forward last October, making provision in particular for the creation of a zone of peace in Tibet, the demilitarization of the country, and respect for Tibetans' fundamental rights, could serve as a basis for negotiations."

In view of the fact that informal contacts are being maintained between Beijing and the Dalai Lama, would the exiled spiritual leader like to meet with the Panchen Lama to discuss the future? "It would be a good thing. Indeed, since 1979 we have both expressed this desire to the Chinese Government. But so far we have received no response. We would also like to meet with Tibet's so-called leaders. But contacts have not been broken, and my brother, who was in Beijing at the end of last year, informed me of the Chinese desire to maintain these contacts."

**Yunnan's Bai People Concerned About Education**  
OW180414 Beijing XINHUA in English 0747 GMT  
15 Apr 88

[Text] Kunming, April 15 (XINHUA)—Yang Zirong, a 48-year-old farmer of the Bai nationality, prefers to have his two adult sons study at home rather than let them go out to earn money for the family.

His two sons were high school graduates who failed their college entrance examinations. They were offered jobs as construction workers in a well-paid township-run enterprise in Xizhou, in the Bai Autonomous Prefecture of Dali in southwest China's Yunnan Province. But their father stopped them from working for the enterprise.

"I want them to continue their studies at home for the coming college entrance exam," Yang said. Now Yang's view is shared by many rural parents in this area where over 800,000 of country's 1.1 million Bai people live.

Only a few years ago, young people in the region were eager to find well-paid jobs. But in recent years, many of them have abandoned their jobs to return to school. "Previously it was simple for a farmer to sweat in the field with a hoe. It did not matter whether he was educated or not. But that is no longer the case now," Yang said.

The Bai people have always paid a great deal of attention to education and thus became one of the more economically advanced among the country's minority ethnic groups. But the ten-year "Cultural Revolution" (1966-1976) struck a heavy blow to the prestige of intellectuals and education as well.

But since 1979, more farmers have again realized the importance of education. "We have to learn skills now if we want to farm successfully," Yang said.

In Taoyuan Village where Yang lives, among the 1,100 villagers 70 families keep their teenagers at home preparing for the next exam for college or technical schools.

A prefectural official in charge of education verified that the number of rural teenagers who apply for higher education has been increasing substantially over recent years. "We regret that our schools can only offer a limited accommodation, so many of them have to study at home preparing for entrance exams."

This situation has pressed local farmers to create better conditions to improve local education. "Many villages have turned the previous dim and shabby classrooms into new and roomy ones," he said.

And some better-off villages have pooled money to send promising youngsters to study in institutes of high learning so that they may return to teach in local schools, and invite outside teachers to teach in the villages. Quite a few farmers have invited teachers to tutor their children at home.

The education official said that the farmers annually devote about two million yuan to education, and last year the figure went up to 2.4 million yuan.

**Household Processing Helps Yunnan Ethnic Groups**  
*OW180140 Beijing XINHUA in English 1213 GMT*  
15 Apr 88

[Text] Kunming, April 15 (XINHUA)—In addition to crop farming and pig-raising, Duan Shaohua, a 51-year-old farmer in Yunnan Province, has opened a household garment processing factory.

Last year, Duan, together with his two sons and a son-in-law, made 2,000 suits and earned over 10,000 yuan, accounting for two-thirds of the family's total income.

Since 1982, more than 42,000 families in Duan's hometown, in the Bai Autonomous Prefecture of Dali, have been engaging in mining, wine-making, knitting and processing of garments, furniture and leather products on a private basis.

Last year, the output value of the prefecture's township industry totalled 380 million yuan, equivalent to 32 percent of its total rural revenues.

The Bai nationality is one of the 55 ethnic groups in China and a population of 1.1 million. About 80 percent of them live in the prefecture of Dali.

Before in 1979, the year China began its rural economic reforms, over 70 percent of the people in the prefecture lived in poverty as a result of a stress on grain production and low work efficiency.

"The development of a diversified economy and household processing industries paved the way to prosperity for farmers and found a solution to the problem of surplus rural labor," said Yang Xinquan, head of the prefecture's agricultural department.

So far, nearly 20 percent of local farmers have taken up non-farming production and raised the per capita income in the region to 460 yuan, triple the 1979 figure.

To date, families engaging in same trade have formed economic associations for large-scale production.

Yang Shengxun, a young farmer of the Bai nationality in Xizhou Township, opened a marble handicraft shop, together with two other households in his village. The Dali area is famous for its natural marble and their products found ready markets in Beijing, Guangzhou and elsewhere.

"We earned a net profit of 300,000 yuan in 1987," said Yang.

Now 80 percent of the households in the village have followed suit and their products cover 20-odd categories.

Peasants in other townships have set up 2,000 enterprise groups for wood-carving, shoe-making and construction.

**North Region**

**Beijing To Further Economize on Water**  
*OW180450 Beijing XINHUA in English 1636 GMT*  
14 Apr 88

[Text] Beijing, April 14, (XINHUA)—Beijing will adopt some new measures to economize on water before the peak demand in July.

Vice-Mayor Zhang Beifa today urged all departments and enterprises in the capital to attach as much importance to water-saving as to birth control and food.

"Enterprises which have been efficient in saving water will be rewarded, while punitive steps will be taken against the others," he said.

According to the vice-mayor, the city will pass some bills to economize on the water supply. "Enterprises should take water-saving projects as key items in their technological innovations," he said.

The municipal government also promotes the spread of water-saving facilities. "Plants which consume large amounts of water, such as textile and paper-making mills, should be especially encouraged to save the precious resource," the vice-mayor remarked.

In 1981 the city launched a water-saving campaign and a system of water rationing was introduced to all factories, schools, shops and administrative departments.

**Beijing's Peasants' Income Per Capita Increases**  
*SK130803 Beijing City Service in Mandarin*  
1000 GMT 31 Mar 88

[Text] A sample survey on 1,100 peasant households in the suburbs of Beijing released by the rural sample survey team of the municipal Statistical Bureau showed that the annual net income per capita of about 40 percent of the total peasant households in the suburbs of the municipality surpassed 1,000 yuan in 1987.

Along with the development of rural production, peasants net income per capita reached 916 yuan last year, an increase of 93 yuan over 1986. Of this, the net income per capita of the peasant households in the plains reached 1,011 yuan, and that in the mountain areas reached 736 yuan.

According to the sample survey, the proportion of the peasant households whose net income per capita was below 300 yuan was reduced from 3.8 percent in 1986 to 1.6 percent in 1987. Basically, there were no extremely impoverished households whose net income per capita was below 200 yuan.



**More Accurate Weather Warning System for Beijing**  
*OW171318 Beijing XINHUA in English 1602 GMT  
10 Apr 88*

[Text] Beijing, April 10 (XINHUA)—Meteorologists will be able to forecast disastrous weather in the Beijing area hours or even minutes in advance on completion of an experimental center.

The center is being built here by the Scientific Research Academy of the National Meteorological Bureau and the meteorological bureaus of Beijing, Tianjin and Hebei Province.

Sophisticated telemetering, remote sensing and communications facilities installed there will help meteorologists accurately forecast tornadoes, thunderstorms, rainstorms and hailstorms.

The center is expected to provide information on immediate weather changes during the Beijing Asian Games in 1990, said officials at the State Meteorological Bureau.

The officials also anticipate the building of four subcenters in Tianjin Municipality and Baoding, Zhangjiakou and Chengde Cities in Hebei Province.

**Hebei Conference on Reform of Educational System**  
*SK130725 Shijiazhuang HEBEI RIBAO in Chinese  
28 Mar 88 p 1*

[Text] At the provincial higher educational work conference held from 22 to 25 March, 8 responsible comrades of the provincial economic study center, the provincial talented personnel office, and the research center of the provincial party committee, and presidents and party committee secretaries from more than 50 higher educational schools throughout the province discussed issues on the province's production restructuring, economic development strategy, and the demands for skilled personnel. These are new items for discussion arranged for this year's provincial higher educational work conference.

How to proceed from the province's reality to accelerate and deepen higher educational reform and to make higher educational structure suit the demands of the economic development is a major discussion subject of the conference. As a result of the great development of higher education, and in order to suit the demands of economic construction, various categories of senior specialists have emerged. Thus, the strain on skilled personnel has been alleviated. Through giving equal consideration to higher education, construction, and development, the province has promoted a coordinated development of education, economy, and society.

The conference maintained: The keys to the current higher educational reform are to enhance the higher educational schools' vitality and energy for being positively suited to the demands of the economic and social development, to gradually set up an effective mechanism

through which higher educational schools are closely coordinated with each other, and to make higher educational schools truly become reliable forces to promote the province's economic and social development. Simplifying administrative procedures and delegating powers to lower levels is the key link of reform. Emphasis must be placed on reforming the higher educational schools' management system, further expanding the schools' decisionmaking power to run schools, enhancing their ability in being positively suited to the demands of society, and reforming the enrollment and graduate distribution systems. Higher educational schools should recruit students in accordance with their demands. Different specialized schools should readjust their enrollment plans according to their demands in order to avoid blindness to the minimum. The restrictions of the graduate distribution system should be relaxed in a step-by-step manner. It is necessary to carry out the system under which graduates are allowed to choose their jobs by themselves, the system under which graduates are distributed according to schools' recommendation, and the system under which graduates will be employed by the units through selection from among the best. The system through which schools shall not arrange jobs for the students who start schools from 1988 should first be implemented among some selected areas on a trial basis and then be popularized in a step-by-step manner. It is necessary to incrementally carry out the higher educational school president responsibility system and rationalize the relationship between the party and the administrative organs. This year, the school-president-responsibility system will be implemented on a trial basis among various categories of higher educational institutions in groups and by stages based on the experience gained by the Hebei machinery and electronic institution in 1985. Meanwhile, the management system and the educational system should be reformed in a coordinated manner in an effort to upgrade the educational quality. We must attend to both scientific research and technological development to suit the implementation of the province's economic development strategy. Higher educational schools should positively take part in the "plan for setting the prairie ablaze," the "spark plan," and the "plan for reaping a bumper harvest" to serve the rural areas, town and township enterprises, and impoverished areas, and bring their special characteristics into play.

Che Yujie, member of the provincial party committee Standing Committee; and Wang Zuwu, vice governor, made speeches at the conference.

**Tianjin's Li Ruihuan Inspects Construction Site**  
*SK130755 Tianjin City Service in Mandarin  
2330 GMT 2 Apr 88*

[Text] On the afternoon of 2 April Mayor Li Ruihuan went to inspect the construction site at the Tianjin Railway Station. He expressed satisfaction with progress made previously. He urged the construction units to accomplish the project with high quality and standards

by 1 October this year. He also urged the people throughout the municipality to make more contributions to the reforming of the hub of railway transportation in the municipality.

On 10 March the municipal people's government held the second mobilization meeting in which it further brought into play the enthusiasm of the broad masses of cadres, staff members, and workers who have whipped up another upsurge in building the project as a whole. As of the end of March, the investment in the project reached 295 million yuan, accounting for 63 percent of the total investment.

During his tour, Mayor Li Ruihuan, accompanied by Comrades Bai Hualing, Lan Baojing, and Huang Yanzhi, inspected the building operations of the railway station plaza and underground passages for passengers. After hearing a briefing, Mayor Li Ruihuan stated: Previous construction efforts in reforming the hub of railway transportation in the municipality have been accomplished very satisfactorily, achievements scored in the construction are very great, and the situation prevailing in operations is gratifying. This is the result of mutual efforts of all staff members and workers who have joined in the project and in the vigorous support given by the people throughout the municipality and by the PLA units stationed in the municipality. During his inspection tour, he extended his respect and thanks to all personnel who have joined in the construction. He also pointed out that the task for the next stage is also quite arduous and that we should be determined to accomplish the project with high quality and standards by National Day this year, to install well lighting and pipe water facilities, to provide equipment for cleanup and normal traffic control, and to plant grass and flowers around the station. He also urged the construction headquarters and the leadership at all levels, from now on, to be more meticulous in analyzing and handling contradictions, and to prefulfill their tasks as much as possible in building all items in the project. Departments and units concerned throughout the municipality should support the operation of reforming the hub of railway transportation in the municipality as they did in the project of diverting Luanhe waters to Tianjin and should take the whole situation into account so as to make contributions to the municipal urban construction program.

**Tianjin Mayor Inspects Road Expansion Work**  
SK130746 Tianjin City Service in Mandarin  
2300 GMT 6 Apr 88

[Text] On 6 April Mayor Li Ruihuan inspected the on-going expansion work on South Jiefang road, (Weiguang) Road, (Qijing) Road, (Fukang) Road, and (Weijin) Road. During the inspection, he expressed satisfaction with the current road expansion work and stated: At present, some localities across the country have experienced difficulties in removing resident houses for expanding roads and regarded the project of road expansion as a difficult problem. However, our projects in

removing resident houses for expanding roads have often been carried out fairly easily and are regarded as a matter that inspires the people. We can always witness the assistance and support given by the people during the operation of removing houses. A large number of touching deeds which have occurred in the operation often instill into us confidence and strength to fulfill the project.

During the inspection, Mayor Li stated: Although the project has brought about some immediate losses to some units and people, on a long-term basis, they will have lots of advantages after the roads in front of their doors have been built or revamped; and they will have a change of heart. He urged the construction units to speed up their operation and to shorten their construction period as much as possible in order to provide more convenience for the people.

### Northeast Region

**Jilin Holds Military Recruitment Conference**  
SK160503 Changchun Jilin Provincial Service  
in Mandarin 1030 GMT 15 Apr 88

[Text] Several years ago, our province experimented with its recruitment of soldiers in some counties and districts. This year, it will conduct overall reforms in this work. We will do away with the traditional method of recruiting soldiers and realize integration among the operations of selecting qualified persons, carrying out recruitment activities, supplying supplementary personnel for the PLA units, and sending recruited personnel to the armed force units.

According to the report of our station correspondents, the provincial people's government and the provincial Military District sponsored a telephone conference on the afternoon of 15 April. The participants summarized the experience gained in the former stage of reforming the recruitment of soldiers and examined and further probed problems and shortcomings existing in the work.

During the conference, Gao Wen, chief of the provincial soldier recruitment leading group and vice governor, delivered a speech in which he pointed out: We should further enhance our confidence in work, emancipate our minds, boldly engage in practice, and display the revolutionary spirit of making progress and take a scientific attitude to accelerate or deepen the work of recruiting soldiers.

Chen Xingyin, commander of the provincial Military District, presided over the telephone conference.

**Shenyang Employment Agency Doing Brisk Business**  
OW172307 Beijing XINHUA in English 0344 GMT  
13 Apr 88

[Text] Shenyang, April 13 (XINHUA)—For those individuals looking for second jobs in northeast China's industrial city of Shenyang a newly-opened employment agency can probably offer some assistance.



So far, more than 600 people, including upper-level scientific and technological personnel have registered to provide 150 different services.

"I came to look for a side job because I need some extra money," said an electrician from a local university.

Only a few years ago, people were looked down upon for seeking a second job, but now the government encourages individuals, especially intellectuals, to take on second jobs as a way to raise their standard of living.

Since its opening 2 months ago, the office has found second jobs for more than 200 workers, including positions for 16 technicians from 8 state-owned enterprises to help out a small factory.

### Northwest Region

**Gansu NPC Deputies View Congress Achievements**  
*HK160557 Lanzhou Gansu Provincial Service  
in Mandarin 2300 GMT 15 Apr 88*

[Excerpts] Gansu's deputies to the First Session of the Seventh NPC returned to Lanzhou by plane on 15 April. [passage omitted]

According to statistics, the province's deputies put forward 86 views and suggestions at the congress. Many of these attracted the attention of the departments concerned. In particular, the suggestion on establishing an economic and resource development zone on the upper Huang He attracted the attention of party and government leaders.

Through attending the congress, the deputies all gained a sense of urgency. They saw that the gap between Gansu and the coastal regions is widening. Following the central policy tilt toward the coastal regions, the only way out for invigorating Gansu's economy lies in relying on reforms and making reforms dominate the whole situation.

They held: In the current difficult circumstances, we must acknowledge our backwardness, but we must not be reconciled to it. We must see Gansu's strong points and make full use of the opportunity and challenge provided by the central policy on the coastal regions to invigorate ourselves to the maximum. [passage omitted]

**Gansu Reports Economic Successes, Problems**  
*HK160549 Lanzhou Gansu Provincial Service  
in Mandarin 2300 GMT 15 Apr 88*

[Excerpts] A provincial government news briefing on the economy was held on 15 April. Our station reporter learned from that briefing that Gansu made a very good start in the 1st quarter of this year, with rapid development in industrial and agricultural production, financial revenue better than in previous years, and further liveliness in the markets. However, prices rose rather rapidly throughout the province.

(Yan Yizhang), director of the provincial Statistics Bureau, who acted as spokesman at the briefing, said that the province's industrial output value in the 1st quarter rose by 11.7 percent compared with the same period last year. This was the highest such rate recorded in the past 3 years. Average peasant cash income during the quarter was over 65 yuan, a rise of 19.08 percent. Financial revenue showed an increase of 19.98 percent. [passage omitted] Total volume of retail sales rose by 23.95 percent.

Prices continued to rise during the 1st quarter, especially for fresh vegetables, meat, poultry, eggs, and aquatic products. Prices for fresh vegetables rose by 46.1 percent, and for meat, poultry, and egg by 21.9 percent;

(Yan Yizhang) also gave a forecast on the province's economic development trend for the year. He said that in the wake of the continual deepening of reform, the good momentum in industrial production will be maintained. Collective, individual, and private-ownership economy will also show relatively great development. The rural economy, especially secondary and tertiary industries, will develop rapidly, and agricultural production will be better than last year.

**Gansu Praised for Efficient Use of UN Aid**  
*OW180514 Beijing XINHUA in English 1609 GMT  
14 Apr 88*

[Text] Lanzhou, April 14 (XINHUA)—Northwest China's Gansu Province has been praised by United Nations officials for its efficient use of U.N. aid.

A documentary film has been made to introduce the province's methods to other recipient regions and countries, according to a provincial official.

In 1982 the U.N. World Food Program (WFP) gave Gansu grains and edible oil worth 40 million U.S. dollars to help develop three irrigation projects, and the province provided the labor force for the projects.

To prevent waste of the donated materials, the province's water conservation department issued tickets to the project laborers so that they could receive their share from the local grain bureaus.

"This practice effectively prevented waste and embezzlement," said the official.

The accomplishment of the three projects has delivered 5,000 peasants from poverty and helped 10,000 households set up in business, the official said.

Chen Yucui, a peasant from Mingxing Village, said that every family in his village worked on the irrigation works for three kg of wheat and 50 g of edible oil each a day.



"This was much better than the original practice of giving relief only, because it made local workers cooperate in a bid to elevate the living standard in the poor mountainous areas," he said.

**Xinjiang Meeting Urges Attention to Farmwork**  
*HK180457 Urumqi Xinjiang Regional Service*  
*in Mandarin 1500 GMT 17 Apr 88*

[Text] A regional meeting on the situation in spring agriculture and animal husbandry, was held yesterday. Attendees concluded that although the year's grain cultivation plan has been firmed up relatively well and spring farming preparations have been done quite well, the winter cultivation area was smaller and more plants died of cold compared with last year. In addition, there have been many natural disasters during the winter and spring, which have brought many difficulties to agriculture and animal husbandry. Hence, leaders at all levels must not be blindly optimistic; they must do a thoroughly sound job in all work and strive for bumper harvests for the 11th successive year.

**Xinjiang Leader Advocates Restructuring Economy**  
*HK151224 Urumqi Xinjiang Regional Service*  
*in Mandarin 1230 GMT 14 Apr 88*

[Text] An enlarged meeting of the autonomous regional commission for restructuring the economy opened today. Zhang Sixue, deputy secretary of the autonomous regional party committee, stressed in a speech he gave: We must further emancipate our minds, strengthen our consciousness of reforms, speed up and deepen reforms, and use the progress of reforms as the motive force for promoting our region's work of restructuring the economy and other types of work.

An important reason for the slow progress in our restructuring the economy is that a number of cadres and people, and particularly some leading cadres, have not fully emancipated their minds and have been timid in breaking with out-of-date rules and regulations. They simply do not dare to go one step beyond the prescribed limit. Therefore, to quicken the pace of restructuring the economy, we must start with further emancipating the mind, be determined to get rid of all those guiding ideologies and work methods that do not suit the needs of the development of a commodity economy, and firmly establish the concept of energetically developing the productive forces.

Zhang Sixue demanded that leading comrades from all units and departments adapt themselves to the changed circumstances, establish the concept of a commodity economy, and master the law of value for the purpose of analyzing and handling economic work as well as problems in reforms.

He added: The concrete policies, rules, and regulations in a local unit must conform with our general policies and general principles, and must also suit the actual needs of our region. If such concrete policies, rules, and regulations violate the law of value and hinder the development of the productive forces, we must revise them on our own initiative, abolish them, or adopt flexible measures to suit the needs of the development of the productive forces.

Zhang Sixue said: In restructuring our regional economy this year, we must stress successful fulfillment of five tasks and strive to make new breakthroughs. The five tasks are:

First, we must comprehensively popularize and gradually perfect the enterprise contracted and leasing management responsibility systems, lead competitive mechanisms into such systems, and improve the quality of contracted work.

Second, we must conscientiously implement the enterprise law adopted and promulgated by the First Session of the Seventh NPC, and conscientiously ensure that enterprises enjoy the right to handle their own affairs.

Third, we must use new concepts and new ideas from the commodity economy to organize development of superior industries as well as develop products that yield high profits, high taxes, and high foreign exchange income, and actively explore ways and means of developing a new economic structure.

Fourth, we must successfully promote reform of the financial system, enliven the flow of funds, do well in running trust and financial corporations, and actively prepare for establishing a market for the transfer of bonds and stocks.

Fifth, we must continue to successfully promote comprehensive reforms at selected points in Urumqi City.

**Xinjiang Ground Station Relays TV Programs**  
*OW161328 Beijing XINHUA in English 1258 GMT*  
*16 Apr 88*

[Text] Urumqi, April 16 (XINHUA) — Urumqi has now started relaying CCTV [Chinese Central Television] programs following the launch of a communications satellite last month.

The satellite, the third launched by the "Long March 3" rocket since 1984, has doubled China's satellite communications capacity.

According to Sun Jiadong, vice-minister of astronautics industry, it will be used for domestic telephone communications and the transmission of different channels by the CCTV.

**Suspect 'Unlikely' Involved in Italian Bombing**  
*OW161619 Taipei CNA in English 1529 GMT  
16 Apr 88*

[Text] Taipei, April 1 (CNA)—The Criminal Police Bureau, after a preliminary investigation, said Saturday that it was unlikely that Liao Willy Liw, a Republic of China (ROC) citizen, had been involved in the car bombing incident in Italy Friday. Liao, 40, was born in Kaohsiung and is currently a resident of Taipei, the bureau said.

Liao told the police he lost his passport in Switzerland October 31, 1986 and had applied to an ROC representative office abroad for a new passport.

The bureau said Liao was identical to the man whom the Italian police have targeted for investigation, but that Liao was unlikely involved in the bombing incident because he was staying in Taiwan when the incident occurred.

**Editorial on NPC Session in Mainland**  
*OW171548 Taipei CHINA POST in English  
13 Apr 88 P 4*

[Editorial: "The Chinese Communist New Line-up"]

[Text] The election of Chinese communist new leaders at the "National People's Congress" was a stage play of democracy instead of real democratic practice.

The use of closed polling booths for the first time was a device to fool the free people of the world. Many delegates has [as published] no choice as there was only one candidate for each office. Foreign journalists and diplomats who were admitted to witness the voting were asked to leave before the count began.

The results of the voting fitted in with Teng Hsiao-ping's scheme of personnel arrangement for the Chinese Communist Party with Chao Tsu-yang remaining as party secretary, and old cadres replacing other old ones.

Thus, Yang Shang-kun, 81, will replace Li Hsien-nien, 78, as the Peking regime's fourth "president." Teng will remain as the head of the central commission while Yang becomes concurrently its vice chairman together with Chao. Teng has thus become the super-chief of state.

The delegates also elected Wang Chen, 79, as the country's new vice president, replacing Ulanfu from Mongolia. Wan Li, 71, will become the NPC chairman replacing Peng Chen, 86, whose future role in Communist China has yet to be announced.

Li Peng has been confirmed as Communist China's premier. He is the youngest Chinese communist cadre at the top, being only 59. His views on economic reforms have conflicted with those of other communist cadres, and it has been widely speculated that he tends to split with Teng on some basic issues.

Li Hsien-nien was chosen Sunday to replace Teng Ying-chao, the 84-year-old widow of Chou En-lai, as head of the "Chinese People's Political Consultative Conference." The organization is largely powerless and holds occasional meetings to rubber stamp the government decisions.

Among the military leaders elected were Chin Chi-wei, who is expected to be the next defense minister, Army Chief of Staff chi Hao-tien and Yang Pai-ping, head of the Army's political wing and brother of Yang Shang-kun.

But tension has appeared at the NPC as the priority of defense has been downgraded to the 10th while agriculture enjoys the first priority. The criticism for downgrading the defense has resulted in bad feelings among the military and civilian leaders. Teng has to do his best to ease the resentment among the military.

The military also resents the falling of the defense spending from a high of 17.5 percent in 1979 to 8.2 percent this year.

Communist China is the world's fifth largest arms supplier and its recent arms sales to Iran and Saudi Arabia have been severely criticized by the United States. Peking needed to make the arms sales to gain foreign exchange to meet its budgetary deficits, which have soared to billions of dollars. Its foreign debts have also risen to U.S.\$30 billion.

The new line-up represents Teng's scheme of ruling the country by his proxies while he remains nominally retired from active role in governing the country. Whether his scheme could succeed remains to be seen. Judging from the deteriorating economic and financial situation in Mainland China, it would be a difficult task for him and his team to tackle. He cannot succeed without giving up communism and the dictatorship of the proletariats.

**Premier Rules Out Truce With Communists**  
*OW171550 Taipei CHINA POST in English  
13 Apr 88 p 12*

[Text] Premier Yu Kuo-hua yesterday ruled out the possibility of a truce with Mainland China, saying to strive for such a treaty is like "skinning a flint" because Communist China has never renounced armed invasion against Taiwan.

Answering an interpellation by Legislator Hsu Jung-shu of the opposition Democratic Progressive Party (DPP), Yu warned the people against harboring illusions toward the mainland, saying the ROC [Republic of China] must heighten its vigilance in view of Communist China's recent military maneuvers.

The premier also dismissed as "wishful thinking" Hsu's proposal that Taiwan and Mainland China live in harmony politically and assist each other economically.

The idea of promoting peace across the Taiwan Strait originated with fifteen ruling Kuomintang lawmakers who formed an association on March 18 to work for the idea over the party's opposition.

After answering Hsu's interpellation, Yu continued to field questions by another DPP lawmaker, Huang Huang-hsiung, in connection with Taiwan's policy toward Mainland China.

Huang bemoaned a lack of clear direction for the nation and indecisiveness in official policy toward the mainland since Taiwan was "liberated from the shackles of strong-man policies," adding that the nation's future policy and direction is important to Taiwan's 20 million people.

Huang then asked the government to describe the ROC's status as a polity and to distinguish between the ROC and China as a whole.

In reply, Yu reiterated the legitimacy of the ROC Government on Taiwan and indicated that relations across the Taiwan Strait cannot be determined by Taiwan alone.

Interior Minister Wu Po-hsiung also took up Huang's questions, reaffirming that Communist China is a rebel regime and that the ROC is the sole legitimate government of all China according to the Constitution.

**Red Cross To Open Mail Service to Mainland**  
*OW180403 Taipei CNA in English 0205 GMT*  
*18 Apr 88*

[Text] Taipei, April 18 (CNA)—The Red Cross Society of China will transfer mails from people in Taiwan to the Chinese mainland beginning Monday.

In a Taipei press conference, a Red Cross official said the Republic of China citizens may prepare their mails, with envelopes both bearing the names and addresses of the mainland addressees and containing a postage of NT [New Taiwan] \$10 per mail, in ordinary envelopes addressed to the Taipei Post Office Box No. 50000.

The Red Cross Society will then deliver the mails in parcels to its Hong Kong agent for transferring to the mainland.

The official, however, said the mainland-bound mails should weigh less than 20 grams per piece and should not enclose with bank notes, checks, or drafts.

**Opposition Politician Wants To Visit Mainland**  
*OW171335 Tokyo KYODO in English 1129 GMT*  
*17 Apr 88*

[Text] Kaohsiung, Taiwan, April 17 KYODO—Huang Sin-chieh, a leading member of the Taiwanese opposition Democratic Progress Party, said here Sunday that he plans to visit China at the end of this year for talks with Chinese leaders. He stressed that Taiwan should strengthen economic relations with Mainland China in

order to cope with economic and political difficulties Taiwan is now facing. As conditions for economic cooperation, Huang said that China should not try to take Taiwan by force and that Taiwan similarly should abandon any idea of an armed attack on Mainland China.

There is a strong voice calling for the independence of Taiwan among the Democratic Progress Party, but Huang wants to make Taiwan-China peaceful economic cooperation one of major policies of his party. Huang is one of leading likely candidates for the chairmanship of the Taiwanese opposition party at the third party congress scheduled for this fall. Therefore, his favoring peaceful cooperation with China may have a great influence on the party's future.

Both China and the Taiwanese ruling Kuomintang (nationalist party) have been wary of the hitherto strong call in the opposition party for Taiwan's independence. Thus, the Chinese side is expected to welcome the planned visit by Huang to China.

Touching on the problem of Taiwan's independence, Huang said he does not personally oppose the idea but the future of Taiwan is a matter for the entire Taiwanese people to decide. Huang also said both the United States and Japan would not approve Taiwan's independence, suggesting his view Taiwan's independence is actually difficult to be attained.

On the difficulties Taiwan is currently facing, he said wages in Taiwan shot up 20 times as high as those in China and Taiwan is losing its competitiveness. He also pointed to the growing protectionism in the United States, and said the Taiwanese difficulties should be resolved through peaceful cooperation with Mainland China.

**Defense Minister on Importance of Kinmen, Matsu**  
*OW160523 Taipei CNA in English 0254 GMT*  
*16 Apr 88*

[Text] Taipei, April 16 (CNA)—The government of the Republic of China [ROC], will absolutely not agree to withdraw its military forces from the offshore islands of Kinmen and Matsu for they are essential to the defense of Taiwan and Penghu (The Pescadores), Defense Minister Cheng Wei-yuan stressed Friday. Replying to an interpellation by Legislator Yu Ching, Cheng said the two offshore islands are too small in size and lacking natural resources to be developed as special economic zones.

Cheng pointed out that the defense of the two offshore islands gives the Republic of China some 100 nautical miles of "strategic depth" and thus helps avoid a direct Chinese Communist threat to Taiwan and provides the ROC adequate advance warning time needed prior to an enemy invasion. Tactically, he said, the stationing of troops on the two offshore islands will tie down the enemy forces opposite the Taiwan Straits and help effectively watch over the enemy's moves.



**Manufacturers To Attend Budapest Trade Show**  
*OW150425 Taipei CNA in English 0305 GMT*  
15 Apr 88

[Text] Vienna, April 14 (CNA)—Nineteen manufacturers from the Republic of China will participate in the Budapest trade exhibition scheduled for late May. The China External Trade Development Council [CETRA] is organizing the Chinese manufacturers to attend the trade show. Far East Trade Service's Vienna office has rented a display ground of 350 square meters to display industrial products from the 19 manufacturers of Taiwan.

In the meantime, CETRA is also organizing a trade mission to visit the Budapest trade show. After the stay in Hungary, the group will also visit Yugoslavia, Czechoslovakia, Poland and East Germany to understand the market situation there.

**President Meets St Christopher, U.S. Visitors**  
*OW180319 Taipei CNA in English 1548 GMT*  
14 Apr 88

[Text] Taipei, April 14 (CNA)—President Li Teng-hui received Prime Minister Kennedy A. Simmonds of Saint Christopher and Nevis and his wife at the Presidential Office Thursday. During the meeting, Prime Minister Simmonds expressed his hearty thanks to the Republic of China for the agricultural and economic assistance it has rendered to St. Christopher in the past years. He pointed out that the excellent performance of the ROC [Republic of China] agricultural technical assistance mission in St. Christopher has won warm and cordial friendship from its people.

President Li said he hopes that Simmonds, during his stay in Taiwan, would enhance his understanding about the ROC's economic development experience and that the friendly cooperative relations between the two countries will be further strengthened. Also present at the meeting were Presidential Secretary General Shen Chang-huan and Foreign Minister Ding Mou-shih.

Late Thursday afternoon, President Li also received Paul Volcker, former chairman of the U.S. Federal Reserve Board, and George Busbee, former governor of Georgia state and leader of the Atlanta Chamber of Commerce delegation, at the Presidential Office. President Li praised Volcker for his contributions to the U.S. financial development and achievements during his 8-year tenure of office as chairman of the Federal Reserve Board, and exchanged views with him on the financial and monetary policies of the Republic of China and the United States.

During a separate meeting with Busbee, President Li pointed out that he was very impressed with the mass transit system around the Atlanta Airport and the city's garbage disposal system, both of which are worthy of

being studied and emulated by the ROC. Meanwhile, the President noted that the Atlanta-based U.S. Delta Airline will, from July 1, pioneer a route between Atlanta and Taipei via Tokyo with 7 flights a week. He said will certainly help further enhance economic and trade ties between Taipei and Atlanta.

Busbee, who headed a delegation of the Atlanta Chamber of Commerce on a 3-day visit here, is a good friend of the ROC. He was accompanied during his call on President Li by Andrew Young, mayor of Atlanta and deputy leader of the delegation. Young has served as U.S. permanent representative to the United Nations and is one of the important black leaders in the United States.

Later, President Li also received Joe Berardo, economic adviser to the state president of South Africa, and exchanged views with him on ways of strengthening economic and trade ties between the ROC and South Africa.

**Economics Minister Urges Finance System Review**  
*OW180357 Taipei CNA in English 0248 GMT*  
18 Apr 88

[Text] Taipei, April 18 (CNA) — Economics Minister Li Ta-hai Sunday urged the Government to thoroughly review the operations of the existing financial system so as to more effectively use capital to promote the economy. The Economics Ministry estimated recently that about NT [New Taiwan] \$ 600 billion (U.S. \$20.97 billion) had been invested inappropriately. The old problem of not knowing how to use money effectively has become more serious, Li claimed.

Official statistics show that investment accounted for 28.4 percent of the gross national product in 1981, but dropped to 21.26 percent in 1984 and to 19.31 percent in 1987. During the period, savings rates reached 31.79 percent, 33.41 percent and 39.86 percent respectively.

Banks have excessive capital but many private companies lack capital because the current financial system cannot meet their requirements. The situation is worth watching, he said. Banks should not just wait for customers to come but should actively try to win more business or even to invest in companies, he said.

**Agricultural Production Exceeds Target**  
*OW150427 Taipei CNA in English 0242 GMT*  
15 Apr 88

[Text] Chung Hsing New Village, Central Taiwan, April 15 (CNA)—The agricultural production in Taiwan Province grew 4.3 percent in real terms 1st year, an increase of 2.3 Percent over the projected target, the provincial Department of Agriculture and Forestry said Thursday. Livestock production grew 8.9 percent and fisheries 12.1 percent; forestry, however, saw negative growth, the Taiwan Provincial Government said.

## Hong Kong

### Aquino, Delegation Conducts Unofficial Visit

#### Attends Banquet

HK170626 Hong Kong HONGKONG SUNDAY  
STANDARD in English 17 Apr 88 p 1

[By Chito Santiago]

[Text] Philippine President Corazon Aquino marked her first day in Hong Kong by last night urging Hong Kong businessmen to invest in her country.

She told an exclusive audience of 130 at a banquet at the Regent Hotel hosted by the Trade Development Council [TDC] and the Philippine Association of Hong Kong not to be left out of what one might reasonably expect will be the next miracle in Asia.

"Like Hong Kong, we have been written off time and again," she said. "The mistake is to believe it, and to be left out of what one might reasonably expect will be the next miracle in Asia."

Mrs Aquino arrived here at 4.45 pm yesterday after a three-day state visit to China aboard her official plane, a Fokker F-28 jet.

As befits a private visit, there was no welcoming ceremony. But security was tight. Crack police special forces were deployed at the airport and around the Regent Hotel where she is staying.

She was whisked out in a bullet-proof limousine as helicopters hovered and police sharpshooters watched airport rooftops and windows. Contrary to earlier reports, no demonstration of Filipina maids working here marred her arrival.

Mrs Aquino's entourage includes Foreign Affairs Secretary Raul Manglapus, Labour Secretary Franklin Drilon, Trade and Industry Secretary Jose Concepcion Jr, Tourism Secretary Jose Antonio Gonzalez, Natural Resources Secretary Fulgencio Factoran, Agriculture Secretary Carlos Dominguez, and Press Secretary Teodoro Benigno. Also accompanying her are daughters Pinky and Kris.

Today at 10 am, the Governor, Sir David Wilson, will pay a courtesy call to the 55-year-old former housewife at her hotel.

Mrs Aquino is expected to raise Philippine concern about the revised conditions for maids, mandating them to leave Hong Kong within two weeks after the completion of their contracts.

At 11 am, she will hear mass at Saint Margaret's Church in Happy Valley, where a throng of the Filipino community here is expected to greet her.

In inviting Hong Kong businessmen to come to the Philippines, Mrs Aquino said there were enough opportunities worth exploring.

Hong Kong was next only to Japan among Asia's biggest foreign investors in the Philippines, with an equity infusion of about U.S.\$28.4 million (\$221.5 million) in 1987, up nearly four times from U.S.\$7.4 million a year earlier.

Mrs Aquino, who said that some of the shrewdest and most successful businessmen in the world were here in Hong Kong, also reiterated her government's plan to privatise the Philippine economy.

"In our own way, we are trying to replicate the lesson of Hong Kong: government should be nowhere in business."

The dinner's host, TDC chairwoman Miss Lydia Dunn, paid tribute to Mrs Aquino for demonstrating personal qualities of courage, vision and political skill that have been admired and respected throughout the world.

"You may even have noticed that seeds, from the blossoming of democracy that you inspired, have been carried by the breezes of the South China Sea to our shores," she said.

Mrs Aquino is expected to do some shopping before leaving for Manila at 4 pm.

#### Meets Domestic Workers

HK170628 Hong Kong AFP in English 0556 GMT  
17 Apr 88

[By Peter Lim]

[Text] Hong Kong, April 17 (AFP)—Philippine President Corazon Aquino told a church packed with Filipina domestic workers here Sunday that they were the heroes of their country's economy. Speaking at a closely guarded St. Margaret's Church in Happy Valley during a mass, she said: "I regard yow (domestic workers) as heroes of our country's economy."

Mrs. Aquino said that their sacrifices are "helping sustain" the Philippines. "If you had not taken the hard decision to leave our homeland, you could have been part of 2.5 million Filipinos who are unemployed," she said. Mrs. Aquino, who arrived here Saturday after a three-day state visit to China, said the Philippine Government would do its best to ensure the welfare of Filipina domestic workers abroad.

Security has been very tight during Mrs. Aquino's visit and Sunday plain-clothed police mingled with crowds outside the church while marksmen, apparently armed with handguns, kept a vigil on the church's roof.

Press Secretary Teodoro Benigno said Mrs. Aquino had discussed the 36,000 domestic workers from the Philippines in the British colony during a meeting with Hong Kong Governor Sir David Wilson earlier Sunday. Labour Secretary Franklin Drilon said formal talks about legal protection from abuse for Filipinos working here would be held in the future with the Hong Kong Government.

Mrs. Aquino also addressed a controversial decision to ban Filipinos under the age of 30 from leaving the country to work abroad. "Some of you and some of our countrymen may not have agreed with that decision ... but it is my obligation to protect the interests of every Filipino. "That was the reason why we temporarily suspended the deployment of domestic helpers overseas—to study the measures which can be taken to protect you," she said. She added that the ban on domestic helpers going to Hong Kong and Canada had been lifted.

Meanwhile, an umbrella group of Filipino domestic workers, the United Filipino, failed to gain a meeting with the president. Some 100 banner-holding members of the group staged a brief rally outside the church. Twelve of them wearing T-shirts stating "Repeal the New Condition of Stay for Foreign Domestic Helpers" and "No to U.S. Bases" in the Philippines were allowed into the church. "We are very disappointed at not being able to hand over our petition urging the president to sign a bilateral agreement with the Hong Kong government to protect the Filipino maids from physical or economic abuse," said spokeswoman Rebecca Martinez. Mr. Drilon said the meeting had been cancelled because of the president's tight schedule. Mrs. Aquino is scheduled to leave Hong Kong for Manila later Sunday.

#### Foreign Secretary Speaks

HK170740 Hong Kong AFP in English 0724 GMT  
17 Apr 88

[Text] Hong Kong, April 17 (AFP)—Philippine Foreign Secretary Raul Manglapus said here Sunday that talks with Washington on the future of U.S. military bases in the Philippines should be concluded within two or three months. Mr. Manglapus, who accompanied President Corazon Aquino on a three-day state visit to China, said the talks did not cover an extension of the lease for the bases which is due to expire in 1991 but "a review of the current agreement." "We are seeking for an improvement of the conditions under the present agreement," Mr. Manglapus told AGENCE FRANCE-PRESSE. "We look forward to an agreement in two or three months." Mrs. Aquino arrived in Hong Kong from Beijing on Saturday and was scheduled to leave for Manila on Sunday.

The Philippines hosts two large U.S. military facilities—Clark Air Base and Subic Bay Naval Base. Manila gets 180 million U.S. dollars a year for hosting the U.S. bases but complains that other U.S. allies such as Egypt and Israel get far more without having U.S. bases on their territory.

A group of Filipino domestic helpers staged a brief rally here Sunday urging Mrs. Aquino to reject U.S. military bases in the Philippines. Some 100 members of the United Filipino (Unifil), an umbrella group of domestic helpers from the Philippines in this British colony, staged the protest outside a church where Mrs. Aquino attended a mass. "The American military bases and the dollars you imagine to derive from them are not the key to our economic prosperity. Genuine agrarian reform and industrialization are the only sound recourse," Unifil said in a statement.

#### UK Involvement in Shaping Basic Law Discussed

HK141554 Hong Kong CHING PAO in Chinese  
No 129, 10 Apr 88 pp 6-9

[Article by Ku Hsing-hui (0657 2502 6540): "The British Side Intends To Participate Actively in the Formulation of the Basic Law"]

[Text] The British side has changed its tactics; it intends to debate the Basic Law in the British Parliament and the Hong Kong Legislative Council. It seems that the Chinese side will make concessions. But concessions are conditional on the smooth transfer of government. Both the Chinese and British sides must not only cooperate during the transition period but also continue cooperating for a long time after 1997.

#### The British Side Changes Its Tactics, With a Debate on the Basic Law [subhead]

From 1984 to February 1988, the British side avoided mentioning the articles of the Sino-British Joint Declaration and its spirit. It put forward the slogan of being "against intervention." The British side's tactics were to change the political system of Hong Kong as much as possible before the appearance of the Basic Law and then be reconciled to "50 years of no change." Now that China is about to make known to the public the discussion draft of the Hong Kong Basic Law, Britain has stopped saying things like it "objects to interference." Instead, it is ready to get involved in the formulation of the Basic Law at various levels through many channels. Conservative Party member of the British Parliament Black called for debating the Basic Law on Hong Kong in the House of Commons. In Hong Kong, during the Legislative Council's debate on the White Paper on 16 March, senior member of the Legislative Council Lydia Dunn openly criticized the Chinese side's claim about foreign organs being unfit to discuss the Basic Law. Lee Pengfei said in a speech that if the majority of the Legislative Council members favored a debate, the minority in the Legislative Council should obey the majority.

The British side's arguments are: 1) The formulation of the Basic Law on Hong Kong must be compatible with the Sino-British Joint Declaration, to which the British side is a signatory. Anything related to the contents of the agreement can be discussed in the Hong Kong Legislative Council or the British Parliament. 2) China has said that the opinions of the people of Hong Kong on



the Basic Law will be solicited. The members of the Legislative Council also are citizens of Hong Kong, and they also have the duty to reflect the will of the people and can debate the Basic Law.

For these reasons, Hong Kong radio and television stations will also take the initiative to present some programs, appropriately making known the Basic Law. The British side's plans are as follows: It will assume an attitude of friendship and cooperation and get involved in the discussion of the Basic Law. It will enlarge its influence and even strive to exercise leadership in a certain way. It is the National People's Congress of China in name that formulates the Basic Law. But to show its friendship and cooperation and its response to the views of the people, it seems that Beijing will naturally act with caution and will not be too eager to oppose the organs of power on the British side discussing the Basic Law. This is also to avoid contradictions being brought into the open.

#### There Is a Condition for Concessions, and the British Side Should Know How To Respond [subhead]

The current situation is the very opposite of that some time ago. At the present time, Beijing is on the defensive, while the British side is on the offensive. The British side's weapon is "realistic implementation of the Sino-British Joint Declaration." Two years ago, when Xu Jiatun, the director of the Hong Kong branch of the XINHUA NEWS AGENCY, was loudly crying for "going by the rules of the book," the British side said that it was inappropriate for an outside force to intervene in what is within the province of rule, including a change in the constitutional system.

If it is claimed that all matters that have to do with the Sino-British Joint Declaration can be debated by one side as a signatory, then the Chinese NPC can also debate the British Parliament's "Hong Kong Bill," "Imperial Edict," "Imperial Instructions," "British Nationality Act," and "White Paper on the Political System."

This would give rise to a very embarrassing situation. It also would interfere with Hong Kong's prosperity and stability. For this very reason, Beijing has avoided all along raising such sensitive problems. It simply says that "this is the business of the British side."

Theoretically speaking, the Joint Declaration has defined the duties of both sides. What should be taken care of by one side should not be intervened in by the other. When one side lets the Legislative Council hold an open debate, the duties of both sides become confused. But the British side obviously wants to debate the Basic Law by cashing in on the Chinese side's fear that the confidence of the people of Hong Kong would suffer. After all, Hong Kong is the one to suffer if things should be bungled. Beijing hates seeing Hong Kong shocked. Therefore, it is forced to try and comfort Hong Kong and make concessions.

There is also something to gain in making concessions. Yielding just an inch means a lot; cooperation can be obtained from the other side. The transfer of government is a process that needs mutual cooperation and the maintenance of continuity. Of course, a concession is conditional. If what a concession brings in return is not the smooth handover of the government but trouble, Beijing will be hard put to keep yielding ground. Therefore, given the British side's debate on the Basic Law, if it should overstep its authority, or call the tune saying what should and should not be done in formulating the Basic Law, then an act thought to be wise would prove to be a clumsy sleight of hand. This is because the British Parliament is only good for drawing up laws and resolutions within the province of British sovereignty. The authority of the Legislative Council is restricted by "imperial edicts" and "imperial instructions." It can only decide on matters within its province of authority and cannot decide things after 1997. The final decision on the Basic Law rests with the Chinese NPC. If the British side wants to do something outside its competence and not likely to produce results, there is nothing to recommend it. It may be asked if when a sovereign state is formulating its own laws, another state is dinning into its ears in the legislature what should and should not be done, who after all is in charge? Who is under whom?

People in certain circles may have very high expectations on the debate by the British Parliament or the Hong Kong Legislative Council and delight in promoting the debate. Let us not mention debates on the Hong Kong Basic Law. Even debates on the White Paper on representative government, which were within the jurisdiction of the British side, did not meet the people's expectations. British statesmen and politicians well practiced in political skills and adept at going with the tide perhaps will not do anything foolish, carrying things so far as to leave no room. If the Chinese NPC is forced to take an open and solemn attitude declaring that the Chinese side does not like guidance or intervention from a foreign legislature in its own process of legislation, the British side will also get nothing at all. For this very reason, Li Hou in a public speech said: "If views are put forward in a friendly way, China may give them consideration."

On 21 March, Hong Kong Governor David Wilson, who was reporting on his work in London, referred to the Hong Kong political system after 1997 in a speech at the Royal Affairs Society of Britain. He said: If the Hong Kong political system is to operate efficiently, it must meet four requirements: 1) It must be compatible with the future position of Hong Kong as a special administrative region of China. 2) It must be capable of maintaining Hong Kong's prosperity and stability. 3) It must have the support of the society of Hong Kong, which has an increasingly high educational standard and ever higher political consciousness, or must take the development of Hong Kong society into consideration. 4) Hong Kong must seek a set of programs for political system development suitable for the pattern of Hong Kong and Asia. It is inappropriate to directly borrow the political party or platform pattern of Western Europe.

These comments seem to center on the debate of the Basic Law, with a signal conveyed to the relevant quarters with a hint at flexibility. What Wilson let China know is: The British side will not go too far in debating the Basic Law. It will abide by the above four principles. China should set its heart at rest. There is no need to oppose too strongly. What Wilson gave Britain's opposition (Labor Party members of Parliament) and the radical democrats of Hong Kong to understand is that we may have a debate, but we must remember to leave room for maneuvering.

We must not go too far or beyond the limits. Going beyond the limits will be incompatible with the British side's intentions and can also make a mess of the situation. There is already some understanding on certain problems. You may join in kicking up a fuss, but within limits.

Wilson said: "Whether the British Parliament will debate the Basic Law is the business of the British side." This comment seems to have had the approval of British Foreign Secretary Howe and was intended to sound out the Chinese side. For a man of his experience and background, Wilson is not likely to freely express his attitude. He has got wind of something from the Chinese side. He is just sounding people out. The British side has gotten ready for the next step. Things will become increasingly clearer.

#### Both Sides Abide by Annex II to the Declaration [subhead]

The way Li Hou made things known was in fact carried in the Sino-British Joint Declaration. Sections 1 and 2 of Annex II to the declaration say: "In furtherance of their common aim and in order to ensure the smooth transfer of government in 1997, the Government of the People's Republic of China and the Government of the United Kingdom have agreed to continue their discussions in a friendly spirit and to develop the cooperative relationship which already exists between the two governments over Hong Kong with a view to the effective implementation of the Joint Declaration." "In order to meet the requirements for liaison, consultation, and the exchange of information, the two governments have agreed to set up a Joint Liaison Group." "Matters on which there is disagreement in the Joint Liaison Group shall be referred to the two governments for solution through consultations."

According to the relevant provisions in the Sino-British Joint Declaration, China and Britain are to hold consultations on problems through the "Joint Liaison Group" and the "two governments." Parliamentary debate is naturally not a form of discussion or consultation to bring about agreement. It is a form of mobilizing public opinion to force agreement by the other side. This is not in line with the starting point of friendship and cooperation and peaceful transition, as embodied in the Sino-British Joint Declaration.

But the current situation shows that the Chinese side and the British side are both actively following the path of holding discussions and consultations, as called for in Annex II, and that they are cooperating closely. Both sides have exchanged views on the system of representative government and solved the problem of convergence quite satisfactorily. This cannot be taken to mean that the British Government is a lame duck. It can only serve to show that China and Britain are both advancing in the direction of the Joint Declaration. In formulating the Basic Law, the Chinese side also definitely occasionally reported things to the British side and listened to its opinions. This cannot be interpreted as betrayal, or a case of the Chinese Government being a "lame duck." It only serves to show that China is faithfully observing the Sino-British Joint Declaration. Some time ago, certain people shied away from talking about Annex II. When China and Britain discussed the system of representative government through the Liaison Group, there was much talk about "intervention." In fact, this was an oversensitive emotional reaction. Since both sides have signed a joint declaration, they should carry it out in its entirety. The declaration is authoritative in nature and is not a political toy that one can knead and mold into any shape he likes. In the transitional period and after 1997, the political interests, freedom of life, hopes for development, and the status quo of the peaceful and contented life of the more than 5 million people of Hong Kong are guaranteed through the Sino-British Joint Declaration. Respect for the Sino-British Joint Declaration and full implementation of the Sino-British Joint Declaration are not only the duty of the governments of the two states but also the wish of the people of Hong Kong. The wish of the people of Hong Kong should have the respect of those statesmen who are not prepared to live in Hong Kong after 1997 but who want to attack the Governments of China and Britain for "selling out the people of Hong Kong."

#### China and Britain Will Cooperate Before and After 1997 [subhead]

The progress the Chinese minister of foreign affairs achieved in his talks with British Foreign Secretary Howe and Prime Minister Thatcher during his visit to Britain in mid-March is of great significance. The British side said in assessing this meeting that, "the atmosphere of friendship and cooperation is extremely good." It seems that both sides hope to cooperate on the matter of the Hong Kong issue and to cooperate beyond 1997. This is treating Hong Kong from a strategic point of view and not from the viewpoint of transient and immediate interests related to one thing of immediate concern. After the formulation of the Basic Law, changes in the political system of Hong Kong in the 1990's will proceed guided by the Basic Law. Major construction projects in the 1990's with an estimated value of 250 billion yuan have been given prominence in the 1988 Hong Kong Government Yearbook. The yearbook devotes prominent space every year to the focal points of government work. In the 1990's, a number of politically skilled personnel will be produced to participate in the management of Hong Kong. These skilled personnel will definitely stay beyond 1997. If China and Britain can



cooperate where these problems are concerned, then Hong Kong can witness a smooth transition in 1997. Hong Kong's prosperity can be carried a step further in its development. This is a blessing to the people of Hong Kong, and also a road that must be followed in increasing the confidence of the people of Hong Kong.

After the talks, Wu Xueqian publicly said in London on 15 March said: "There has been substantial progress in Sino-British relations. Meaningful progress in depth and breadth has been achieved in the serious implementation of the Joint Declaration on the Hong Kong issue by the Chinese and British sides in the spirit of friendship and cooperation. The development of the relations of Sino-British friendship and cooperation is a long-term policy of the Chinese Government. Not only in the transitional period of Hong Kong does China need to cooperate closely with Britain but it still needs to have a long period of friendship and cooperation with Britain after the transitional period." In a speech at a return banquet for Wu Xueqian, Foreign Secretary Howe stressed: "The Hong Kong issue is at the core of relations between Britain and China. A common responsibility rests with Britain and China to guarantee the continued stability and prosperity of Hong Kong."

On 18 March, Deputy Director of the Hong Kong and Macao Affairs Office Lu Ping met with Hong Kong Governor Wilson and discussed "conditions about the implementation of the Sino-British Joint Declaration." Quite obviously, the Basic Law, as the center of both sides' interest, was taken up. Lu Ping will later visit Hong Kong as deputy secretary general of the Basic Law Drafting Committee and contact people in all walks of life to collect the views of the people of Hong Kong on the Basic Law. After meeting with Lu Ping, Wilson immediately returned to Britain to report on his work. On the one hand, he gave a briefing on the development of Hong Kong's latest conditions. On the other hand, he listened to a briefing on conditions after the talks Prime Minister Thatcher and Foreign Secretary Howe held with Wu Xueqian and heard their latest instructions.

This form of cooperation is very close. In fact, the degree of closeness is unprecedented. If some people continue raising objections in disregard of the positive role of such cooperation and denounce Sino-British cooperation as "selling out the people of Hong Kong," then this is a miscalculated move that goes against the trend.

#### Set Store by Tolerance and Collect Views From Various Quarters [subhead]

Of course, China for its part must also lift itself out of a passive state and seize the initiative to announce at an early date ways and means of canvassing the views of the people of Hong Kong. For example, when members of the Basic Law Drafting Committee Li Hou and Lu Ping come to Hong Kong, they can announce beforehand appointments with many representative groups and organizations, including officially appointed and elected

members of the Legislative Council, to listen to their views on the Basic Law. If the Chinese side has taken the initiative to listen to opinions, the Legislative Council can hardly find a further excuse for the claim that the Chinese side ignores their voice. If the Legislative Council should go too far in its acts, then it is certainly a case of not knowing how things stand.

The best course to take for the Legislative Council members is to hold forums in their private capacity somewhere other than the building of the Legislative Council, such as the Hilton Hotel, to discuss the Basic Law and express their views. Legislative Council members are also people of Hong Kong. The Chinese side should respect the rights of the Legislative Council members. But Legislative Council members must also respect the procedures and rights of the Chinese legislature.

It seems that views will be solicited on the Basic Law at various levels through various channels. The Basic Law Drafting Committee, the Consultative Committee, and the Hong Kong branch of the XINHUA NEWS AGENCY are, of course, three main channels. But the possibility of the people of Hong Kong expressing their views to the relevant units of the State Council and the NPC should also not be ruled out. There is also a chance for suggestions and programs not included in the Basic Law draft to be discussed to be included in the final draft so long as most of the people voice their support and so long as their relevant contents are fair and reasonable. Such a way of soliciting opinions will prove to be something rarely seen in Hong Kong before in its breadth and depth.

But in the discussion of the White Paper on representative government, there was the tense situation of competition between two camps with a call for people in the streets to sign their names and a mutual campaign for "one letter from each person." It is, therefore, inappropriate to advocate the way represented by the idea that "the view with the largest number of signatures in support is the best." This way would only have the views of one portion of people, or one social stratum suppressed, and force this portion or stratum to accept a version of the Basic Law incapable of reflecting their interests and views, "with no change for 50 years." Such a version is not authoritative enough. Meanwhile, seeds are sown for future resistance and clashes in Hong Kong.

The process of formulating the Basic Law should be guided by the principle of "setting store by tolerance." As many views as possible should be collected from various social strata and various organizations. Where some views clash, we should seek mutual consultations and mutual concessions, with compromises and programs acceptable to both sides at last worked out. Therefore, only coordination, consultation, dialogue, reasoned debate, and a down-to-earth spirit represent the best ways.



If the Basic Law is to win the support of the majority, we must first explain it to the silent majority, so that they can understand what the Basic Law is about and how it personally affects them. It must be realized that due to more than a century of colonial rule, with most of the people standing aloof politically, the difficulty of seeking the opinions of the great majority of people of Hong Kong will be unusually great. Therefore, how to guide the silent majority toward involvement in the discussion of the Basic Law calls for cooperation from people in all quarters and concerted efforts toward the same goal. Only with a broad mass involved can the voice of 5 million people be heard. And only in this way can the Basic Law represent the interests of the majority and not represent the views of a minority, or the views of that portion of people who are enthusiasts for politics with the loudest voice. People in industrial and commercial circles in Hong Kong are still quiet. Most of them are concerned only with matters of business and making money. A group of 81 people cannot organize very large-scale activities or establish many ties with people. Are the views of all chambers of commerce and all businessmen to be reflected in the 81-member program? It is feared that they cannot. For this very reason, there is the need to widely hold discussion meetings and let them express their views on the Basic Law.

The discussion of the Basic Law will start in May. With the long-term interests of various quarters involved, those strata and political forces involved will cover a wider range than in the debate on the White Paper. The debate will also be more intense. There may perhaps be a new breakthrough in the Chinese attitude of opening up.

**Local Businessman Discusses PRC Development**  
*OW180152 Beijing XINHUA in English 1204 GMT  
15 Apr 88*

[Text] Beijing, April 15 (XINHUA)—“The strategy put forward by General Secretary Zhao Ziyang for development of China’s coastal regions is of great importance and I support it entirely,” Yue-Kong Pao said recently in Hong Kong.

The chairman of the worldwide shipping group said that, with one billion people, China cannot be expected to satisfy everybody at one stroke. It should go step by step and make the whole country rich, starting from the coast and spreading to the interior.

Now that the direction has been chosen, it needs boldness to carry out the program, he said.

He suggested boosting exports and training talented people. “The Chinese are an industrious and clever nation,” he said. “If we take education as the foundation, problems will be handled in a smoother way.”

According to Pao’s secretary, Pao will join the Chinese and British Governments in setting up a scholarship foundation for Chinese postgraduates and scholars studying in Britain.

**U.S. Congressmen Support Direct Elections**  
*HK170636 Hong Kong HONGKONG SUNDAY  
STANDARD in English 17 Apr 88 p 1*

[By Kathy Chan]

[Text] Nine American congressmen have written an open letter to Prime Minister Mrs Margaret Thatcher asking her to support the early introduction of direct elections in Hong Kong.

The letter is seen as the most vocal statement by foreign politicians so far on Hong Kong’s political development before China takes over the territory in 1997.

It was issued after Legislative Councillor Martin Lee returned from his three-week visit in the U.S. He urged the Americans to help push the British Government to introduce direct elections before the promulgation of the Basic Law in 1990.

The congressmen said in the letter that strong democratic institutions and practices needed to be set up in Hong Kong long before 1997.

“With such institutions in place, the Chinese Government would have to pay too high a price to dismantle freely-elected democratic institutions,” they argued.

The letter said the transfer of Hong Kong from British to Chinese control had important economic ramifications for the U.S.

“United States investment in Hong Kong last year totalled U.S.\$6 billion, while Hong Kong exported U.S.\$11.1 billion, or 31 percent of its exports, to the United States,” they said.

Chinese interference in Hong Kong’s economic system had already had visible effects. More than 10,000 Hong Kong residents planned to flee the territory this year for Australia, Canada and the U.S., they said.

More than 20,000 Canadian immigrant visas were reportedly issued to Hong Kong investors, entrepreneurs, and independent skilled migrants.

The congressmen argued that such economic and political realities underscored the need for an early establishment of strong democratic institutions.

“This is why we believe you (Mrs Thatcher) must ensure that all or a much higher proportion of the Legislative Council is directly elected before 1991.”

The letter was signed by Republican congressmen Robert Dornan, Harris Fawell, James Inhofe, Robert Lagomarsino, John Porter and Jim Saxton. The Democrats signing were Thomas Manton, Robert Mrazek and Barney Frank.

**Light Industrial Products Exports Rise**  
*HK170696 Hong Kong HONGKONG SUNDAY*  
*STANDARD in English 17 Apr 88 p 9*

[By Chito Santiago]

[Text] Hong Kong's strong manufacturing base in light industrial products has made it one of the world's leading exporters of gifts and houseware.

In the first two months of this year, exports of these items rose 15 per cent to \$8.6 billion, compared with the same period a year earlier.

Last year, total receipts amounted to \$59.2 billion, or almost one-third of the territory's overall export earnings—up 16 per cent from 1986.

Toys and games accounted for the biggest share at \$12.5 billion or 21 per cent, followed by watches and clocks at \$11.4 billion (19.2 per cent), consumer electronics at \$9.7 billion (16.4 per cent), and sporting goods at \$6.9 billion (11.6 per cent).

The satisfactory export performance was attributed to the ability of local manufacturers to make constant efforts to boost the product designs and production efficiency to offer high-quality, value-for-money products.

Prices have also been particularly competitive in recent years in view of the depreciation of the Hong Kong dollar vis-a-vis major currencies.

Hong Kong's leading markets include the U.S., West Germany, Britain, Japan, Canada, the Netherlands, France and Australia.

Andrew Koo, vice chairman of the Hong Kong Exporters' Association, said the prospects for bigger export revenues were bright since these items were not faced with too many quota restrictions.

He pointed out, however, that the territory had to contend with strong competition from Taiwan and South Korea—the latter being stronger than Hong Kong in stuff toys.

He said efforts were underway to expand Hong Kong's exports to Japan, where the market potential appeared promising.

Hong Kong's latest collection of gifts and housewares will be displayed by 130 local companies at the forthcoming Hong Kong Gifts and Houseware Fair to be held from April 28-30 at the Hong Kong Exhibition Centre.

The event, organised by the Trade Development Council, will highlight numerous electrical appliances, cutlery, pots and pans, crockery, plastic houseware, glass tableware, canopeners, and decorative and craft items.

**International Heroin, Arms Ring Smashed**  
*HK170648 Hong Kong HONGKONG SUNDAY*  
*STANDARD in English 17 Apr 88 p 1*

[By Kris Chan and Leung Sze-man]

[Text] An international heroin trafficking and arms smuggling ring has been smashed with the arrest of 11 people in Hong Kong and eight in the United States. Heroin valued at nearly \$500 million has been seized.

The ethnic Chinese ring is believed to be involved in the supply of 1,000 M-16 military rifles to Libya and the smuggling of large amounts of very pure heroin to the U.S. After a two-year probe codenamed "Operation Bamboo Dragon", the 19 were arrested and over 40 kilograms of high-grade No 4 heroin was seized by authorities on both sides of the Pacific.

The 11 people arrested in Hong Kong, including two American passport holders, appeared in the Central Magistracy yesterday charged with conspiracy to traffic in dangerous drugs.

American officials said they would seek the extradition of the accused to stand trial in the U.S.

Police in Hong Kong said yesterday that all suspects involved locally had been caught. But American investigators said more arrests might follow, bringing the total to as many as 40.

Mr Chris Cantley, staff officer of Hong Kong's Narcotics Bureau, said the two-phase investigation began last November at the request of U.S. authorities.

The first phase also involved the Independent Commission Against Corruption, as some civil servants were at first believed to be involved.

But they were later cleared and the case passed over to Hong Kong police.

The 11 people, aged between 29 and 42, were arrested at three different locations in Hung Hom.

Some were arrested after they negotiated the sale of the heroin with undercover agents, while others were apprehended in the process of delivering the drugs, Mr Cantley said.

A total of 28 kilograms of No 4-grade heroin, with an estimated street value of HK\$350 million (U.S.\$46 million), was seized.

Mr Cantley said the drugs came mainly from the Golden Triangle of Southeast Asia through China and Macao. They were believed to be destined for the U.S. "as the local market for the drug is very small".

The officer said the 11 suspects belonged to four local drug supply sources loosely connected with one another.

Mr Cantley said all the arrested men were considered "very important and we are not looking for anybody else in connection with the operation".

He described the operation as the most important for Hong Kong drug officers in the past few years.

"In terms of the number of people arrested, the power of the gangs and the international efforts involved, it is a very important operation," Mr Cantley said.

The arrests were launched to coincide with the U.S. operation, headed by the Federal Bureau of Investigation.

The FBI had acted simultaneously both in New York and San Francisco to arrest the ring's U.S. members.

They arrested eight people, seven of them ethnic Chinese, and seized 11 kilograms of heroin, estimated to be worth HK\$137 million (U.S.\$17 million).

U.S. officials said the gang members had been buying AR-15 semi-automatic rifles and converting them into fully automatic M-16 military rifles.

The purchases were made from licensed gun dealers in the New York area by gang members using false identification.

U.S. agents bought 10 such weapons from the gang for HK\$250,000 (U.S.\$32,000). They ordered 1,000 more M-16s in batches of 50, together with false documents that would allow the weapons to be sent to Libya.

Such a shipment would have violated the Arms Export Control Act, which sets up government licensing procedures for the sale of weapons to foreign countries.

The investigation began in 1986 when undercover agents learned that a restaurant owner in Washington DC's Chinatown was buying stolen weapons and distributing cocaine, according to the FBI.

U.S. agents then inserted undercover operatives into the ring, including a Cantonese-speaking agent who portrayed himself as a drug dealer.

The agent, identified as Frederick Yau, was said to have met with gang members in Washington and Hong Kong to negotiate the purchase of heroin from Asia.

The operation is the second involving Hong Kong and U.S. authorities in a month in the fight against drug trafficking.

Last month, Chinese and U.S. drug agents got together to seize 3.5 kilograms of Number Three heroin at Shanghai Airport.

The heroin was wrapped in condoms and packed inside the bellies of dead goldfish, concealed inside a consignment of live fish destined for San Francisco.

### Macao

**'Stumbling Blocks' in PRC-Portuguese Talks**  
*HK160149 Hong Kong SOUTH CHINA MORNING POST in English 16 Apr 88 p 3*

[By Adam Lee]

[Text] Speculation is mounting on four main stumbling blocks that arose from the first round of Sino-Portuguese talks on the future of Macao.

Only a brief communique was issued by the Sino-Portuguese Joint Liaison Group at the end of a four-day meeting in Lisbon yesterday.

It simply said agreement had been reached on "some major issues" relating to the 120 year transition period before China regains control of the Portuguese colony in 1999.

But both sides refused to elaborate or comment on unconfirmed reports of "unexpected difficulties" with negotiations on the implementation of a bilateral accord on Macao's transition, which was signed last year.

According to Macao's JORNAL DO CIDADAO newspaper, four "cardinal problems" are the use of Chinese, besides Portuguese, as the colony's official language, land leases, localisation of civil services and proposals for such projects as a deep water port and airport.

Portuguese negotiators reportedly attributed the failure to reach some specific agreements principally to the volume of work involved.

However, an official statement from the Portuguese Foreign Affairs Ministry later described relations between the two negotiating teams during the talks as "very friendly and cooperative".

A second meeting to thrash out unresolved issues has been scheduled for September in Beijing.

The island reverts to Chinese rule two years after Hong Kong.



**END OF**

**FICHE**

**DATE FILMED**

18 April 1988



